

Nation's Business

A USEFUL LOOK AHEAD

OCTOBER 1966

INFLATION ? RECESSION ? —OR BOTH ?

New business leaders' forecast

PAGE 38

Government by totem pole
How Ernie Breech revives giants
Bureaucrats can't run business
Stay healthy under pressure



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Nation's Business

October 1966 Vol. 54 No. 10

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WASHINGTON: A LOOK AHEAD

All this uncertainty and inconsistency.

It grates on people. Especially, men like you who try to make your best laid plans come true, try to figure out what Washington is up to.

Politicians promise endless boom. But who can keep smiling when prices are going up almost as fast as some stocks have gone down?

Everybody's worried about inflation. So what does the government do? It pumps more billions in the economy for war and peace at the same time. Washington is spending at a rate about 30 per cent higher than last year's pace.

Despite all the play-acting at economizing, government still is spending freely for such frills as prettying up highways and outdoor recreation. The government's got plenty of money, even though your banker makes you feel like a horse thief when you want to borrow some.

LBJ's plan to fight inflation by suspending tax incentives for plant and equipment investment is no solution. Most companies' capital spending is already in the pipeline.

President's threat that more tax action would come later leaves another big shadowy question mark hanging over economy.

Administration's plea to Congress to hold down appropriations in election year is like slipping a kid his allowance in the candy store and asking him not to buy anything.

Economic experts say the way to curb inflation is by monetary and fiscal policy, which only government can do. But Administration still looks largely to management and workers to stop inflation, especially management.

The politicians say: "If your costs rise, show discipline, just absorb them."

What do they think business is—a sponge? For every dollar of increase in labor and materials, it takes a dollar from somewhere to pay for it.

Union power, labor costs are out of hand. So what does Congress do? It jacks up the minimum wage to please the unions and sends a wave of rising labor costs throughout the land. New wage-hour law will add \$2 billion to wage costs.

There's wonder about shortages. Purchasers are now asked by suppliers if they have defense ratings. A Department of Defense-rated order gives you priority for scarce materials.

What's short? Aluminum, brass, copper, nickel, castings, electrical equipment, motor bearings, valves, forgings.

There's wonder, too, at race rioting. It seems the more civil rights laws are passed, the more strife there is. And it seems the more they riot, the more willing Uncle Sam is to dole out the dollars. It gives many people the impression the way to get what you want is to break the law, not pass a new one.

U. S. gold stock drops to its lowest point. Yet Congress approves more foreign aid.

Public debt approaches a third of a trillion dollars and Washington officials brag about the "low" deficit.

The other day, the flag at the U. S. Treasury building mistakenly was run up the flagpole upside down—the international signal for distress. Appropriate.

So business around the country wonders what's ahead:

More inflation? More taxes? Wage and price controls? More contrary policies?

All this uncertainty just before elections.

The elections will help answer some of the questions.

The results will be read every which way. But the ballots will give politicians some sign of what people want.

Lots of liberals sailed in on the Johnson wave in 1964. Some 61 Democrats won seats in Con-

WASHINGTON: A LOOK AHEAD

gress by margins of less than 55 per cent of the vote. Of these, 37 lawmakers won by less than 53 per cent. Nine Democrats squeaked by with one per cent margin or less.

Nobody is predicting control of Congress will shift to the Republicans after the election. The Democrats have G.O.P. far outnumbered in both Senate and House. But Republicans will pick up some seats. About 40 is average in these elections.

If G.O.P. gains 40 or more seats in the House, LBJ's Great Society program will bog down noticeably.

Moderates and conservatives of both parties will vote together to block liberal bills.

Spending for big cities, for poverty programs would slow down. So-called consumer protection—usually business restriction—legislation would have less chance of passage. So would big tax increase, or price-wage economic controls (unless war really worsens). Right-to-work repeal would stay buried.

Knowing this, Administration and Congressional leaders think more and more about a special session after November elections. Idea is to squeeze a few more measures out of the Congressional tube while Johnson lawmakers have a strong grip.

This would be lame duck legislation—laws passed with help of legislators that people have voted out of office.

New Congress that meets in January could be an economizing Congress. Not just a "think cheap" Congress, but one that finally realizes spending for guns plus butterfat equals inflation.

Continued heavy outlays for Viet Nam will bend Washington policy makers' decisions on many a program.

Take space exploration. Momentous decision must soon be made on how far U. S. will step out into space beyond the moon.

NASA Chief James Webb pleads for money for ambitious deep space probes including a manned Mars fly-around. Signs are he won't get more than \$5 billion for fiscal '68, in the

upcoming budget now being patched together.

Lunar project launched by President Kennedy five years ago captured fancy of Americans.



Webb

Money came easy. Now space expeditions are old hat. Time and familiarity have rubbed some glamor off the whole adventure. Other demands—mainly Viet Nam—come first.

Technological fallout from space program has brought improved weather forecasts, communica-

tions, transistorization, computer techniques, quality control. Space advocates will point more and more to these spin-off benefits as reasons to keep space spending at lofty heights.

Washington talk again has it that W. Willard Wirtz will be dumped as Secretary of Labor.



Wirtz

Supposedly President Johnson will give Wirtz the official shove when the haze lifts after election, particularly if organized labor doesn't go all out for the Democrats.

Wirtz's head was on the block earlier this year. But the ax never fell for fear it would also lop off some of

the Administration's union support. Too many union bosses are chums of Wirtz. And too many Democratic candidates depend on union support.

But LBJ must look to 1968. He's concerned about his image with the workingman, especially union members. He fears his reputation as a leader in labor affairs has been badly shredded.

He failed to get the right-to-work law repealed. He's had to harp about every wage increase. And he flubbed the airline strike settlement.

So Wirtz could be the sacrificial lamb—the one to absorb some of the blame.

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Dictation Systems

How to stop highway slaughter

To the Editor:

Research, accident analysis and safe highways are all an essential part of a national safety program, but I would suggest uniformity in qualifications for the privilege of driving.

It is my opinion each operator in all states should be required to first take the same defensive driving course—the National Drivers' Test would be a good example.

This course should be required not only to obtain a license when applying for the first time, but each time the license is renewed.

To stop this highway slaughter, we must first teach every operator how to defend himself.

(MRS.) A. D. JACKSON
Director of Safety
W. T. Cowan, Inc.
Baltimore, Md.

To the Editor:

Mr. Russell L. Brown's five-point program for traffic safety [August] was certainly well projected. My personal fight to kill off slaughter is Point No. 5: "Only day after day plugging at proved safety measures can do this."

One suggestion I have is the use of bumper stickers to educate our drivers who stare at someone's bumper during the average 16 m.p.h. rush-hour speed. This surely could be a starting place to remind drivers of the many things they do wrong,

or the things they could do right.

KENNETH F. WOODS
Centerville, Ohio

To the Editor:

I appreciated your article on traffic safety, "How to Stop Highway Slaughter," and have had it inserted in the *Congressional Record*.

VANCE HARTKE
U. S. Senator
Washington, D. C.

Advice for Congress

To the Editor:

Re your column, "Washington: A Look Ahead":

I am convinced that only God could straighten out the mess that Washington has put the country in—and there are no Gods in the White House or Congress.

As an exercise in futility I would suggest two constitutional amendments:

Require Congress to repeal two old laws for every new law they pass.

Require that the salaries and expenses of all government employees, including the President, Senators and Representatives, be voted on by the people.

R. B. RUSSELL
President
Corliss Welding & Machine Co.
Pittsburgh, Pa.

Far from a "fringe"

To the Editor:

I read with interest "Fringe

Benefits—Now Rising Twice as Fast as Wages" [August]. Very good, but I don't believe the word "fringe" should be used.

The proper term is "employee benefits."

The word fringe leaves employees the impression that it is something minor in nature—costing very little.

ED G. CAMPBELL
Corporate Controller
The Gates Rubber Co.
Denver, Colo.

Aurora helped, too

To the Editor:

I thoroughly enjoyed "Changing Chambers: Revolution on Main Street" [August].

However I was very dismayed that the amount of time and effort the Aurora Chamber of Commerce contributed to making the Area Vocational School in nearby Hastings, Nebr. a reality went unmentioned.

Ken Wortman, an outstanding Chamber member served as chairman of the financial drive and is presently serving as chairman of the first governing board at the school.

Equal recognition would be appreciated.

CHARLENE LANGE
Manager
Aurora Chamber of Commerce
Aurora, Nebr.

How to cool it

To the Editor:

In "Washington: A Look Ahead" [September], you ask for suggestions on how to curb this nation's overheated economy. Here are my ideas on this subject:

1. Outlaw unions.
2. Cut out giveaway programs.
3. Make people earn their living by the sweat of their own brow.

FRED MERMIS
President
Mermis Construction Co., Inc.
Artesia, N. Mex.

Mr. Humphrey's comment

To the Editor:

I have seen columnist Alden Sypher's comments in NATION'S BUSINESS [August] concerning the Washington Briefing for Young Americans Program, which I sponsored this past spring.

I suppose you know that while I do not agree with everything he says, I appreciate his recognizing the general need for the kind of program we sponsored.

It was, frankly, an experiment and we learned from it. I think the youngsters who attended also learned something about our government, but next time around we will hope to make it even more informative.

HUBERT H. HUMPHREY
Vice President
Washington, D. C.

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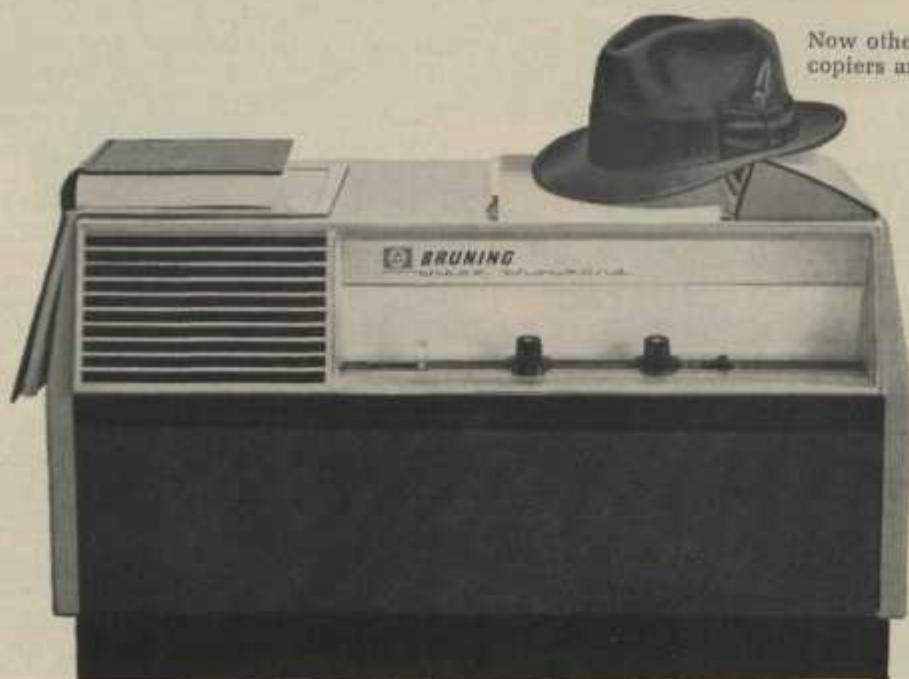
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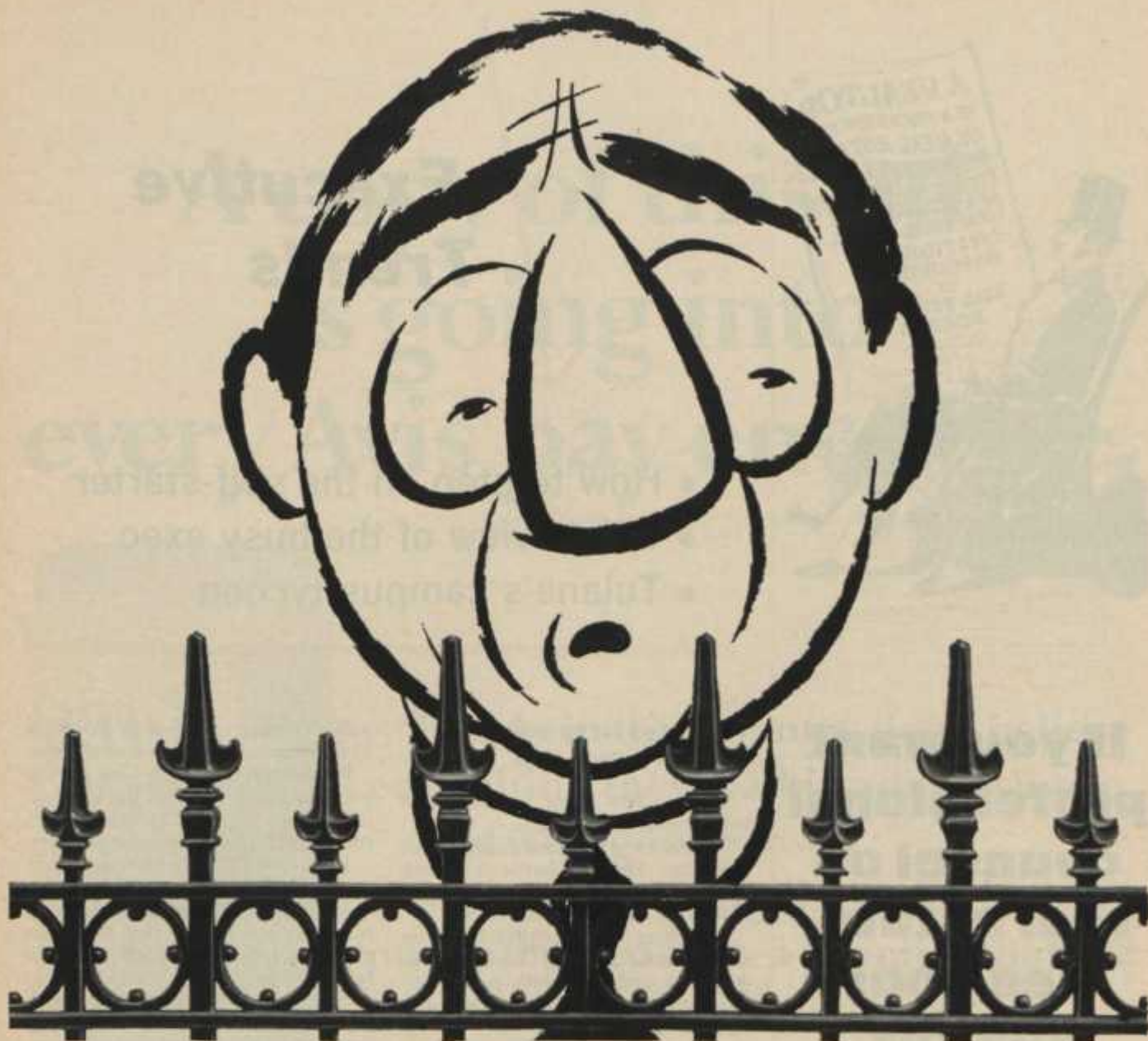
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Executive Trends

- How to step on the self-starter
- Wife's view of the busy exec
- Tulane's campus tycoon

Self-starters for go-getters who want to boost sales

Build a fire under yourself—and watch your sales climb.

That's the advice one expert gives salesmen. Half the battle is getting going, Dr. John M. Briggs, New York Life Insurance Co., says.

He offers these helpful hints on how to make yourself a self-starter:

- Begin each day with a success: Do the easiest thing first, and rev up your enthusiasm.
- Act as if it were impossible to fail: To feel confident, act confident.
- Make yourself feel more adequate: One good way to do it—boost your competence by increasing your knowledge and skill.
- Borrow inspiration from others: Emotions are contagious; make it a habit to pal around with successful, enthusiastic people, not Gloomy Guses.
- Do two per cent of the job at once: It's hard to believe how keen you'll be to finish a task, once you've polished off part of it.

Where executives go wrong—the woman's view

Busy executive husbands commit four cardinal sins, many wives charge. Here's how they describe them, says William R. Sears, man-

aging partner of Sears & Co., San Francisco management consultants:

He spends too much time on the road, and too little with the kids.

He lives high on an expense account, while we munch hamburger.

He always talks about business, and dines with business friends.

He's too tired to take ME out, never notices a new dress or hairdo and lets romance vanish with the honeymoon.

Sound trivial? It's not, Mr. Sears says. The best business careers are based on happy marriages, management consultants find.

Tycoon in residence—or trail blazing at Tulane

What's wrong with this picture? The lion lying down with the lamb.

The cat shaking hands with the mouse.

The big business executive serving time as an egghead on the college campus.

Nothing's wrong with the last item, Tulane University asserts. In fact, Tulane has named Streuby L. Drumm, former president of the West Penn Power Co., Pittsburgh, Pa., as business executive in residence for its New Orleans campus.

What's the gimmick? None, says a university spokesman. "He's no fund raiser or public relations

A copy of this ad is going into every Avis pay envelope.



People in this country don't believe everything they read in ads any more. And with good reason.

Most advertising these days is long on the big promise—a promise that the product doesn't always deliver.

And at times Avis is no exception.

A shiny new Plymouth with mud in the trunk or a spare tire with no air in it makes a liar out of Avis ads.

We can't police all the other advertising in this country. But we can live up to our own.

In our next ad we're going to promise customers that we'll get the rental form filled out within 2 minutes.

You can do it, girls. You've been trained to.

Let's see if we can keep Avis ads honest.

We took the bottle off the top
and hid it in the bottom.

New trim Oasis "Hide-Away" is the first water cooler with the sleek look of modern furnishings. Fits perfectly in today's offices and homes. Goes wherever there's electricity. Tucks under cabinets. Slips into alcoves. Needs no plumbing.

Bottle-off-the-top means that the Hide-Away comes with wonderful nothingness on top — nothing but a clean, flat, *useful* surface.

At the touch of a button, new Hide-Away delivers cool, refreshing water. Quietly. Instantly. And



bottle-in-the-bottom means that it never has to be hoisted to the top — a feature appreciated by 97-pound homemakers, and by businessmen with forgetful janitors.

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- ☐ I am most interested in relatively stable securities for protection of capital and steady dividend income.
- ☐ I can afford a greater measure of risk and am primarily interested in a liberal income on my investments. I would like to realize a return of _____ percent.
- ☐ I can afford a larger risk and am primarily interested in good quality growth stocks that have a chance of increasing in value over the years.
- ☐ I am interested in attractive speculations and can afford to assume the risk involved.

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EXECUTIVE TRENDS

continued

man. He's a skilled, talented human being who can contribute much to the university.

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How to flop in Europe without really trying

The ruthless head-knocker.

The effusive backslapper.

The ax-wielding ramrod.

Those are the three types of U. S. business executives most likely to fail overseas. That's what H. B. Maynard & Co., Inc., international management consulting firm, finds.

By contrast, American managers most wanted in Europe are:

The seasoned professional—with the experience and maturity to compete with top minds doing business there.

The skilled motivator—sensitive to his colleagues' pride in being Europeans, who tries to involve them, not Americanize 'em.

The professional technologist—equipped to satisfy one of Europe's most deeply felt needs, that is, for managers who are trained in American methods of doing business.

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Why LBJ can't pull victory rabbit from Viet Nam hat

BY PETER LISAGOR

A top Administration policy maker recently was asked an elaborate and pointed question about President Johnson:

"It's been said of the President that he feels more comfortable in dealing with Asia, that he looks upon Asians as the Mexican-Americans of this world, underprivileged and worthy of our sympathy and help, while Europeans to him are the foreign soul mates of Ivy Leaguers, sophisticated, urbane and too effete for his taste. Is that a valid assessment of the President's outlook?"

The official thought for a moment that the question might have been frivolous but quickly realized that it wasn't.

"No, that's a hollow, stereotyped impression and quite wrong," he said.

"The President isn't a Harvard man, sure. Nor is he a naive country boy. And I think our European friends have learned by now that a product of Southwest Texas State Teachers College can deal with them without losing his wallet."

Despite appearances, the official insisted that the President spends at least half of the time devoted to foreign policy matters on Europe, and noted that British Prime Minister Harold Wilson and German Chancellor Ludwig Erhard have been recent Presidential guests.

• • •

These disclaimers are not persuasive. If the President's heart is not in the highlands of South Viet Nam, where American troops are fighting, his mind and his energies are absorbed by the war to the same degree that past wars have consumed the interest and attention of Chief Executives.

The non-Vietnamese part of the world hasn't shrunk in either size or importance; it only seems to have. It is as if Europe had dropped out of sight, Latin America gone into hibernation and Africa, except for sporadic eruptions, vanished on safari.

The present situation in Washington calls to mind

Mr. Lisagor is the White House correspondent for The Chicago Daily News.

a map of the world drawn by a New Yorker some years ago, illustrating the parochial smugness of the denizens of Manhattan. The New Yorker's "world" was bounded on the east by Coney Island and on the west by the Hudson River; everything beyond that was sea and desert.

There also is the amusing story of the Beacon Street matron of Boston who took a trip around the world and betrayed her provincialism later when asked how she went. "By way of Dedham, of course," she replied.



LBJ hopes limited air attacks on North Viet Nam, plus ground action in south, will eventually wear foe down

Viet Nam has so permeated the life and times of official Washington that not long ago a hostess was astonished to realize that her party was ending without any discussion of Viet Nam. She was so delighted by this triumph that she suggested a toast be drunk to the forbearance of all her guests. By the time the wine was poured, heated exchanges on Viet Nam were being carried on all over the house, and her little victory turned to ashes.

• • •

Naturally, Mr. Johnson cannot ignore or abandon the problems of Europe or other areas of the world

TRENDS: WASHINGTON MOOD

where the U. S. commitment to order and stability is unmistakable. No President can so isolate himself. Plans for a Latin American summit conference, for example, have been on the front burner for months and unless the Latin leaders fall to squabbling among themselves over who's a dictator and who's a democrat, President Johnson expects to be among them sometime before the end of the year. And it wouldn't be surprising if the corridor talk concentrated on—guess what? Yes, Viet Nam.

Just before he was swallowed up in the frenzied last-minute preparations for his daughter Luci's wedding in early August, the President asked three key advisers—State and Defense Secretaries Rusk and McNamara and Central Intelligence Director Richard Helms—to make separate and independent analyses of the hard and harsh line Soviet propaganda was following on Viet Nam. He also requested resident experts on Kremlin policy for an evaluation, or status report, on how the Russians were being influenced by Viet Nam.

Judgments about Soviet intentions have always been tentative and carefully hedged. Careers can founder on bad guesses or faulty conclusions. But the assessments made available to the President suggested that the Russians probably would continue to act with restraint if the U. S. refrained from major escalations in the north which either threatened North Viet Nam's communist regime in Hanoi or embarrassed the communist world.

At least one expert expressed the opinion that if the Haiphong harbor were mined or the jet airfields around Hanoi were hit, the Russians might feel compelled to take sterner action than merely supplying the North Vietnamese with surface-to-air missiles and jet aircraft.

On the whole, however, the analyses stressed Soviet internal difficulties as a bar to a greater commitment to Hanoi. The Kremlin still hasn't solved its agriculture problem and must buy large quantities of wheat from abroad, notably from Canada. The Soviet leaders are burdened by the investment they have made in space and in aid to countries professing a tenuous neutrality, such as the United Arab Republic.

Yet the Kremlin leadership today, like Nikita Khrushchev before it, is frustrated by failures to advance communism in the world. The Kosygin-Brezhnev combination is portrayed as more dogmatic than Khrushchev, hence more inclined to hew to a tough line under stress. Khrushchev once remarked to an American that if communism doesn't prosper in the world and spread, "my life has no point." Kosygin and Brezhnev believe the same, in spades, according to some expert opinion.

When British Prime Minister Wilson visited Moscow in July, shortly before he came to Washington to see Mr. Johnson, Kosygin was bitter and told his visitor that moves to achieve a detente in Europe, to

promote a more relaxed relationship, were being torpedoed by the Viet Nam war. The Soviet Premier also said he thought President Johnson would be forced by U. S. public opinion to back down in South Viet Nam, and Wilson felt obliged to warn Kosygin that he was mistaken, that the President was determined to see the war through.

In the Byzantine and suspicious minds of the Kremlin leaders, the Kremlinologists note, the United States not only remains a threat to the Soviet Union but now appears bent upon expanding its power and influence throughout Asia. Such American bases as Cam Ranh Bay in South Viet Nam have the Russians believing that Washington may even be planning to perpetuate a physical presence on the Asian mainland.

The Soviet outlook isn't condoned or justified by those responsible for analyzing it. But Moscow's fears are real, its ambitions unsatisfied, and its objectives unchanged—and it would be a mistake, say the experts, to underestimate the Soviet capacity for mischief anywhere in the world, not excluding Berlin, that most sensitive flashpoint in the East-West confrontation.

The President, for his part, may not believe that Asians are the Oriental equivalent of the Mexican-Americans with whom he grew up, taught and identified with in later years. But his awareness of Asia, heightened of course by the Viet Nam war, has been certified in his speeches and in his emphasis on America as a Pacific power. He knows that Communist China is a behemoth power, hostile and expansionist, and that whether he wills it or not, U. S. power is likely to be engaged in Asia for some time.

He is said to be resigned to a long pull. Because of the Congressional elections next month, many have thought he would pull a rabbit out of his hat and thus thwart the Republican threat to his Democratic majorities in the House and Senate. It's possible but highly improbable. He apparently recognizes the indefinite character of the war by such statements that the "single most important factor" in the war is the U. S. will to stay the course until the communists fade back into the jungle or sue for negotiations. "No one can say when this will be, or how many men will be needed, or how long we must persevere," he has said, as a summing up of a mood that rejects magical or miraculous solutions.

It is Mr. Johnson's feeling, in this Indian Summer of 1966, that he has made the decision to "do what's necessary" to turn back the communist threat to South Viet Nam and according to White House associates, that it avails one nothing to stop now and then simply to register optimism or pessimism over the tactical situation.

He thinks that the strategy of search-and-kill in the south and punishment within prescribed limits through air power in the north ought to be given ample time to work. His problem as a politician is to maintain his support for the strategy, and up to this time, he has felt the necessity to dispense a few pep pills now and then to sustain those who fear that the quagmire may be without a bottom.

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Will Supreme Court guard these rights, too?

BY FELIX MORLEY

As the Supreme Court convenes for the October term it confronts what is certainly one of the most interesting of the many historic cases presented since the founding of the Republic. This is a suit, brought by the State of Delaware against all the other States, to revise the system whereby we elect our Presidents.

Through its attorney general, and in behalf of all its citizens, little Delaware is challenging the procedure whereby the entire electoral vote of a State is credited to a single Presidential candidate. By this winner-takes-all device, says the statement in behalf of the plea, the popular vote is "diluted, debased and misappropriated."

Since this suit was filed, two months ago, several other States have associated themselves with Delaware as plaintiffs. There is no question of the legality of the proceeding. The Constitution says flatly that the Supreme Court shall have jurisdiction in "controversies between two or more States" and the U.S. Code emphasizes this by giving the Court "original and exclusive" jurisdiction in such cases.

In recent years the Court has often ruled on complaints by one State against another in such matters as the release of sewage into interstate waters, or the discharge of industrial gas which drifts across state lines. Attorney General David P. Buckson of Delaware points out that the Court has now assumed the duty of protecting political as well as physical health, regardless of local custom.

• • •

At every Presidential election the political rights of citizens of the smaller States are infringed by the incongruous electoral system which Delaware now seeks to improve.

To recognize this impropriety one must remember that the Constitution gives to each State an Electoral College member for each of its Senators and Representatives in Congress. Since every State has two of the former and at least one of the latter its electoral

vote cannot be less than three, as is the case for Delaware, Alaska, Nevada, Vermont, Wyoming and the District of Columbia. But New York currently controls 43 electoral votes and California 40. In fact the 12 most populous States together hold 281 of the 538 votes in the Electoral College, leaving only 257 for the other 38 States and D. C. combined.

It was the original expectation that the electoral vote of each State would divide in accordance with its representation in Congress. If the Constitution had made this mandatory, Delaware would not be bringing suit today. The matter, however, was left to the States to decide. Immediately politicians in the more populous States realized that their influence would be greatly enhanced by delivering the electoral vote as a unit, instead of having it divide along the lines of Congressional districts.

Thus was initiated the "general ticket" system of choosing electors, whereby the Presidential candidate who secures even a plurality of a State's popular vote is awarded its entire electoral vote. In self-protection every State soon adopted this procedure, which has no Constitutional basis nor even the sanction of any federal law. The thinly veiled objective of Delaware is to have the Supreme Court decree establishment of the district system, as anticipated by the framers of the Constitution and therefore requiring no amendment of the organic law.

The most glaring deficiency of the present system is that under it a Presidential candidate may have a clear majority of the popular vote but still fail to reach the White House, as happened in 1876 and again in 1888. More frequent and equally undemocratic is the situation when there are more than two candidates, with one securing a majority of the electoral vote though perhaps three fourths of the popular vote is divided against him. "Risks of miscarriage of the popular choice will continue indefinitely," says Attorney General Buckson, unless the Supreme Court "grant relief."

The best that can be said for the general ticket is that its often weird results are politically impartial, which helps to explain why both parties are

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

TRENDS: STATE OF THE NATION

content to keep it. In the 1960 election, for instance, Kennedy got 49.6 percent of the popular vote in California, yet the State's entire electoral vote was cast for Nixon. Simultaneously, in Pennsylvania, Nixon was getting 48.7 percent of the popular vote but losing all of its electoral vote to Kennedy.

• • •

The Attorney General of Delaware, however, is not impressed by the rough justice of the general ticket system as seen from an over-all viewpoint. What concerns him is the inferior position of Delaware voters, controlling only three electoral votes, as compared with those in States that can throw many times that number solidly into one or the other electoral column. It is because of the predominant influence thus acquired by a dozen large States that Delaware, and 35 other Commonwealths, "have never had one of their citizens elected Presi-



Delaware's Attorney General David Buckson is not impressed with rough justice of the election process

dent." Although Delaware was the first State to ratify the Constitution its people are today "reduced to a second-class citizenship."

Equally objectionable is the "weighted voting" which completely violates that principle of "one man one vote" on which the Supreme Court placed such emphasis in ordering reapportionment. Under the general ticket a citizen of New York, for instance, will in 1968 vote for 43 Presidential electors, whereas a citizen of Delaware in the same election will only vote for three. This, says Mr. Buckson, "is exactly the same as if there were but one elector in each State and they cast weighted votes of from three to forty-three votes each."

He further cogently points out that unit voting by counties, in gubernatorial primaries, has recently been outlawed by the Supreme Court for Georgia and, by implication, for Maryland. To permit that custom, in the words of Mr. Justice Douglas, "would allow the candidate winning the popular vote in the county to have the entire vote of that county." If that arrangement is inadmissible in a county vote for governor, how can it properly be condoned in

the statewide vote for President?

Quite amusing, in a somewhat sardonic manner, is the brief's utilization of argument and phraseology employed by the Supreme Court in the extension of its prerogative during the regime of Chief Justice Warren. The present electoral system, it is contended, violates both the Fifth and Fourteenth, probably also the Ninth and Tenth, Amendments. The Court has ruled that "voting rights are legal rights of the highest order." So it certainly looks like "invidious discrimination" when votes favoring a losing Presidential candidate "are not only discarded . . . but are effectively treated as if they had been cast for an opponent."

• • •

For the past 20 years there has been a constant effort to reform Presidential election procedure by Constitutional Amendment. These endeavors, by Chambers of Commerce and other civic organizations, have come to naught primarily because the leaders of both political parties are satisfied with the general ticket system. It is much easier to raise campaign funds when they will help in casting the electoral vote of a populous State as a unit, whether Democratic or Republican. That this method puts a premium on fraud and corruption is overlooked.

Therefore several of the less populous States have concluded that not only the easiest but also "the only practicable legal relief" is a Supreme Court decree "requiring each State to appoint its presidential electors by a method reasonably calculated to reflect the will of all the people of the State as shown by their popular voting."

Such a method is selection of the electors as originally planned—by Congressional districts, with the two for each State corresponding to the Senate seats chosen at large, as are the Senators. By ending the unit rule in this manner the all-important electoral vote would also be brought into much closer approximation with the popular vote.

That the Supreme Court has now acquired the authority to issue such a decree is implied by the great extension of its power in the field of apportionment. Whether the Court will so act is more questionable. The "redress" requested would make the outcome of the 1968 election much less predictable. The White House will scarcely wish to have additional uncertainty piled on top of Viet Nam, inflation, choking interest rates, racial disturbances and other developing problems.

The Court can refuse to accept the plea of the small States without giving any reason for such decision. But what it cannot do is to reject the plea without giving a hollow ring to all of its recent rhetoric about "one man one vote."

Whatever the outcome, the well reasoned plea of the attorney general of Delaware will stand out as a landmark in our Constitutional history. Although called a "brief" its argument, including statistical matter, runs to nearly 100 printed pages. The scholarly care behind the presentation is only one of the factors making it distinctive. Here is an elucidation of the subject, as important as it is complicated, helpful to all students of American government.



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Not all the Yanks can go home

BY ALDEN H. SYPHER

NORMANDY—A fresh breeze sweeping in off the sea adds a sense of cleanliness to the great dignity and beauty of Normandy American Cemetery, which lies just back of the cliffs rising above Omaha Beach.

Perfectly kept green lawns, hedges and rose and other flower beds have made a living garden of this 172 acres of land sloping slightly toward the sea. It is a garden of quiet splendor, a proper resting place for young Americans who lost their lives so France might live again, and the world might have peace.

It is the very ground where soldiers of the U. S. First and Twenty-ninth Divisions gained the first, and extremely costly, foothold in the invasion of France after storming across Omaha Beach through murderous cross fire.

Now the still and silent lines of white marble crosses in precise row after row seem to be illuminated under the bright blue sky, against the deeper blue of the sea.

Here lie 9,386 American soldiers, sailors, airmen and coast guardsmen, including also a few English, Scots and Canadians. They are about a third of the losses suffered by U. S. forces in one of the most desperate, and surely the most violent, of man's battles.

They came from every state in the union, and the District of Columbia. Brothers lie side by side in 30 places. In another a son lies beside his father.

Along with other Americans, and British and Canadians farther along the coast, they came in the early morning of June 6, 1944, in the greatest amphibious assault in history.

It was the second time in less than 30 years the joyous cry: "The Yanks are coming!" brought both hope and assurance that an enemy that had overwhelmed France would be driven off the land to be given back to the French.

There was no French Army in France by that time, only half a dozen resistance groups in the

Mr. Sypher, a lifelong journalist, is the former editor and publisher of NATION'S BUSINESS.



PHOTO: AMERICAN BATTLE DOCUMENTS COMMISSION

north and a few in the south. But these were not coordinated. Organized resistance had collapsed before a superior force. The French had been driven from their land. Gen. Charles de Gaulle was in London, where he had been given haven by the British. Only a few French Rangers moved with the English troops.

It took 11 months of hard, bitter fighting to wrest France from the enemy. In the process nearly 90,000 Americans lost their lives on French soil.

Today Frenchmen roam the quiet paths of Normandy American Cemetery. They come in tour buses and in private cars. Many of them are young.

From the parking lots they walk to the Memorial, a semicircular colonnade with a loggia at each end and hedge of English holly. On a platform at the open face of the Memorial they see a 22-foot bronze statue of a youthful male figure rising from waves. It is called "The Spirit of American Youth."

The statue faces a reflecting pool set in smooth lawns, and beyond it are 10 plots of graves. On a

TRENDS: RIGHT OR WRONG

walkway far down the rows of crosses is the circular chapel, built of stone above granite steps. Beside the entrance door is the inscription:

"This chapel has been erected by the United States of America in grateful memory of her sons who gave their lives in the landings on the Normandy beaches and in the liberation of Northern France.

"Their graves are the permanent and visible symbol of their heroic devotion and their sacrifice in the common cause of humanity."

The inscription is repeated in French at the other side of the door.

Inside the Memorial colonnade, on the walls of the south loggia, are three maps engraved in stone. Their markings are brightly enameled. One map portrays the June 6 landings, establishment of the beachhead, the liberation of nearby St. Lo and Cherbourg, and the paths of the beachhead breakouts.

Another portrays the heavy air operations ahead of the landings and the later air support. The third shows the naval part of the battle.

The story of the war is told in words cut into the stone wall under the headings "The Assault and the Beachhead," and "From Normandy to the Elbe."

A few persons, but not many, study these maps and inscriptions in English. The many study in the opposite loggia, where the maps and inscriptions are repeated in French.

• • •

Regardless of language, the fierce violence of the battle is impressed on visitors when they walk in the Garden of the Missing.

Inscribed in the curving wall around the garden are the name, rank, organization and home state of 1,557 U. S. servicemen. That they came into the battle is known. What became of them is not. These men, too, came from every state and the District of Columbia.

Heather and boxwood grow at the foot of the wall. Ash trees rise in the lawn area, and the garden has beds of polyantha roses.

On toward the sea along the entrance path, strollers come to a long, low wall at the edge of the cliff overlooking the beach. People crowd around a stone orientation table which shows the landings on the various beaches. A few go down the steps and path to the beach itself.

It was from these cliffs the enemy poured artillery and machine gun fire up and down the beach, as well as sweeping the landing forces directly, as the Americans and their allies stormed ashore.

The faces of the visitors show interest. Only a few show reverence. Not many are on a pilgrimage. Most of them are on an outing.

At the same time throngs of a different mixture pay their entrance fees to crowd through a castle of incredible, though now rather seedy, luxury at Fontainebleau.

"The chateau at Fontainebleau is like a history of France in stone," says a guidebook. If true, that

would not be a particularly proud history to most Americans. For Fontainebleau is a bawdy house gone to pot, now being restored to some degree of its onetime opulence with the aid of foreign charity.

Fontainebleau was started in the Twelfth Century by Louis VII. It was expanded and transformed into a palace of spectacular grandeur by François I to house a mistress, the Duchesse d'Étampes.

Henry II, who succeeded François, had the place done over with added touches of luxury as a place to play with Diane de Poitiers, who wasn't his wife. All of which enraged Queen Catherine de Médicis, who was.

Sections of the palace are closed to visitors these days, for swarms of craftsmen are at work restoring some of its onetime magnificence. A bronze plaque in one of the many hallways gives credit to an American, who inherited a tremendous fortune, for making at least part of the restoration possible by his contributions.

And at Versailles, another palace whose proportions may be measured by the fact that its gardens cover 250 acres, still more crowds look with awe upon the luxuries of kings.

Versailles, too, has suffered tattered times, when the paintings on her endless walls and many of her furnishings, ranging from solid silver to rare woods, were sold to raise cash.

A major restoration took place here about 10 years ago, and here, too, an American distributing the proceeds of another huge American fortune is given credit for helping. In this case it was the gathering and returning of oil paintings by masters of kings' various dogs.

• • •

In nearby Paris the President of France is standing firmly by his stiff and peremptory order that American troops be removed from French soil by next April, thus putting an end to the North Atlantic Treaty Organization, as it was originally conceived to keep the peace. His warmth and charm appear to have been spent in Moscow.

His Finance Ministry still is demanding gold for dollars, a practice which for more than a year and a half has been building French gold reserves to historic highs, and adding immeasurably to the pressure on America's dwindling supply.

Also in Paris, Americans are invited to continue the eastward dollar flow by notices in so many store windows: "American travelers' checks welcome."

Presumably the ouster order to American soldiers—which the U. S. government protested with spirit but which the French declined to discuss—applies only to the living.

For use of the land in Normandy American Cemetery and four other World War II cemeteries for American soldiers who lost their lives in France, along with the same number of burial grounds for those lost in World War I, was granted in perpetuity by the French government without charge, and without assessment of taxes.

So while General de Gaulle may celebrate the first victory in his long military career next April, it will not be complete.

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XEROX

Why bureaucrats can't run a business

A classic example of what occurs when
a government nationalizes an industry

The tough new battle of Britain to streamline industry and make its products more competitive on world markets is nowhere pointed up more sharply than on the nation's transport scene—particularly along the 15,000 miles of its troubled railroads.

Here is one of the foremost illustrations of the country's Victorian-era industrial plant, outdated operations and restrictive labor prac-

The author, JAMES N. SITES, is an expert in government transport policies around the world. He has worked in the railroad, automotive and maritime industries and is currently assistant vice president of the Association of American Railroads. Five years ago he circled the globe in a year-long study of foreign transportation under an Eisenhower Fellowship. In view of Britain's current economic crisis, NATION'S BUSINESS asked Mr. Sites to take a fresh look at the United Kingdom's transportation problems, which epitomize the nation's economic woes.

tices. Here also is one of the world's leading examples of the disastrous effects of business nationalization—as well as clear object lessons of how the U.S. can both avoid this end and get the most out of its own vast rail system.

A new political storm has been swirling around British road and rail operations.

It culminated in the Labor government's issuance of a new White Paper on Transport Policy within a week of Prime Minister Wilson's announcement of his austerity program to save the pound.

The White Paper outlined a radical scheme for integrating truck and train freight operations and otherwise countering actions set in motion under Harold Macmillan's Conservatives to improve the government-owned British Railways (BR) and reduce their staggering losses.

BR's deficit for last year alone came to \$370 million—equivalent to spending \$1.28 for every \$1 taken

(continued on page 76)

GOVERNMENT BY



TOTEM POLE

As federal programs proliferate and duplicate
we're fast becoming The Overlapped Society

Twelve different federal agencies, departments and programs have been poking about in the bottom of the sea or otherwise concerning themselves with oceanography.

Twenty-three have their hands in the water supply—either before it is polluted or afterwards.

Forty-three federal programs are involved in education or re-education.

Maybe a hundred federal programs provide aid, loans or assistance for development or improvement of cities.

Confusion and duplication are growing so great that three-man federal de-confusion teams have been sent into the field to try and sort out manpower problems.

The U. S. Budget Bureau also is quietly making a study of duplication in governmental functions.

Now, as 1966 draws towards an end, the United States has moved far into an era of supra-programs which overlay major departments, involve scores of federal agencies and which attempt to redo whole sections of society. Much of it is the result of the flood of new laws in the past two years.

In the next few years new regional organizations overlapping federal, state, county and municipal governments, as well as private companies, threaten to change the way we live and work. They would originate, operate and regulate transit lines, multistage transportation systems, water and power supply and pollution control organizations, for instance.

Soon, too, may come additional Cabinet rank departments—perhaps a Department of Resources, or a Department of Consumers.

This is totem pole government with departments and agencies atop one another, covering the same ground.

Any organization which spends more than \$140 billion a year as the federal government does and employs 2,738,248 workers—not counting the military—is certain to have confusion, duplication and waste

in its operation. There is no large private enterprise which does not have some of the same.

However, the volume of duplication and confusion in federal ranks has now grown so large that even those who claim liberal attitudes toward both big government and centralized superplanning swallow hard at the thought of it all.

Even in Watts

For example, the welfare pay-out system has become so complicated that a citizen of riotous Watts must spend about \$4 and a full day making the circuit by city bus of five or six federal, state and county offices to complete documents and formalities for handouts.

A "one-stop" plan being experimented with may reduce some of the confusion. Under the plan a man can, for example, visit his probation officer who will help him fill out forms. The officer will then make the circuit on his behalf.

A cluster of programs are available for the unemployed, untrained, or for the retreads who need retraining, in Watts and hundreds of other depressed communities.

Few precisely duplicate another. Rather, they overlap to a considerable degree and make one wonder if there could not be some consolidation and simplification for the betterment of all concerned.

Equally worrisome is the fact that the number of programs is growing, their scope is expanding.

Among principal umbrellas are the Manpower Development and Training Act which provides money for one set of programs to train unemployed (or as Washingtonians enjoy saying, "underemployed") and the Economic Opportunity Act which provides money to train and retrain unemployed young people under still another set of programs.

• The Manpower Development Program, besides providing job training for unemployed, performs employment research, sets up experimental projects to help "the culturally

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INFLATION? RECESSION? —OR BOTH?



PHOTO: JOHN REES—BLACK STAR

B. F. Goodrich Co. President J. W. Keener, thinks restraints already applied will hold business below the early 1966 pace. But he envisions improvement next year.

Nation's Business outlook survey of top executives shows half of respondents foresee business slowdown

Quite a few businessmen today are casting wary glances at the future, according to a new NATION'S BUSINESS outlook survey of leaders in American commerce and industry.

Nearly half of those responding expect our long-booming economy to level off during the closing months of 1966.

About one in 10 forecasts a business downturn starting in 1966.

Some people even predict the worst of all worlds: recession and continued inflation at the same time.

Certainly not everyone is bearish. More than a

third of those answering the outlook survey expect business to continue bustling upward in the remaining months of this year. Just six months ago, however, in the previous NATION'S BUSINESS outlook survey, 90 per cent of those answering predicted strong advances throughout '66. NATION'S BUSINESS surveyed 1,000 businessmen—board chairmen, presidents and other top-ranking executives representing business ranging from single-owner enterprises with annual sales of \$100,000 to America's corporate giants. Replies came in from about 15 per cent, including leaders of some of the nation's best-known companies.

The economy's biggest problem, as Ernest S. Marsh, president of the Atchison Topeka & Santa Fe Railway Co., sees it, is constant pressure from unions for annual pay increases that push costs up and force an inflationary spiral.



Looking beyond 1966 to the prospects for next year: 30 per cent of the executives think business will improve, about 46 per cent believe it will level off and 20 per cent expect a decline starting sometime next year. Four per cent offer no prediction.

Says the head of one of America's large paper manufacturers, "There'll be an inventory adjustment, a reduction in capital investment caused by the money squeeze and by monetary and fiscal uncertainties, and a reduction in disposable income of many segments of the population due to higher taxes of all types."

A bank president agrees. He expects high interest rates to begin slowing the economy down this year and to bring a decline next year.

Semiannual business outlook surveys by NATION'S BUSINESS began 10 years ago. Executives responding to them have called the economy's tune with considerable accuracy. In 1956, for instance, some foresaw the recession that actually developed the following year. The current boom that began in early 1961 also was predicted.

These surveys will now be made quarterly instead of semiannually. The editors of NATION'S BUSINESS thereby expect to bring you an even more precise idea of what's going to happen to business in the near and longer term.

Why the pessimism?

What has dashed ice water on some of the business community's enthusiasm? Four things, mainly: Inflation, tight money, increasingly steep wage demands by labor unions and the uncertainties that go with the war in Viet Nam.

Listen to how one corporate chief puts it: Business generally will continue to improve next year, Dr. Jesse Werner, board chairman and president of General Aniline & Film Corp., a large chemical and photographic equipment supplier, says; but "spiraling wage and salary costs and resulting inflationary pressures" are the nation's biggest economic problem. "There are, unfortunately, no signs of improvement in 1967," he adds.

Almost without exception, businessmen are deeply worried about labor costs. Many freely admit they'll have to raise their prices to keep their heads above water.

One Eastern manufacturer offers this grave warning: "The wage-price spiral will get worse next year, and it's partly because of the example set by the airline machinists' union," which exacted what most every economist regards as an inflationary strike settlement from the airlines. "Now," he glooms, "other labor leaders must show what they can do."

Fat, new union demands are building up as a whole flock of labor contracts run out this fall and next year. [See "Ahead: 17 Months of Strike Threats," August.]

To E. A. O'Neill, president of Great American Insurance Co.s, the nation's biggest economic problem is "inflation, caused by wage pressures and government spending on nonessentials during a quasi-war period." If inflation is to be stopped, he says, the government is going to have to "stop its own profligate spending on the 'Great Society' and vote-getting programs."

To the big problems of tight money, inflation and mounting labor costs, Martin Sheridan, Admiral



PHOTO: E. SPENCER—BLACK STAR

A tax hike after the elections may be too late, according to Robert P. Fedder, president of R. P. Fedder Corp. Then a tax cut might be necessary.

Corp. vice president, adds materials shortages, some of them war-induced. Admiral and other television manufacturers are struggling to meet the surging demand for color sets.

Most businessmen see these problems and racial strife as the deciding issues in the November elections. General Aniline's Dr. Werner thinks the deciding election issue will be the state of the economy. "Voters will be looking for assurances that employment will continue up and that inflation will be held in reasonable check."

Here are some other highlights from the NATION'S BUSINESS survey:

Prices. Many will go up. Nearly half of the businessmen responding say prices will climb before the end of this year. Close to two thirds say their prices will be higher in 1967.

Sales. They'll climb. Two thirds say they expect volume in the tail end of '66 to top 1965's closing months. But a slightly smaller 59 per cent predict their sales will rise further next year.

Profits. Despite the higher prices and sales predicted by many businessmen, the outlook is for profits per sales dollar to erode. The reason: Wage demands by unions that will make a mockery of the Johnson Administration's oft-violated guidelines.

Labor supply. It will continue tight. Eighty-five per cent say it will for the rest of this year, and 75 per cent see it stretching through next year.

Among executives expecting a leveling off of business this autumn is J. W. Keener, president and chief executive officer of the B. F. Goodrich Co.

"Fiscal and monetary restraints already applied will prevent business from reattaining the first-quarter 1966 pace," he comments.

But Mr. Keener envisions business generally improving next year. "Increased consumer incomes and spending, a continuation of a high level of capital expenditure and increased government spending will combine to allow for some growth over 1966. The rate of increase probably won't match 1966's, though."

The tight money drag

Julian S. Neal, president of Fidelity & Deposit Co. of Maryland, a Baltimore-based surety bond and property insurance concern, predicts business will improve both the rest of this year and next. "The only depressing factor is tight and expensive money that is slowing home-building and capital improvements. But higher employment, increased outlays for Viet Nam, higher wages and more spendable income should overbalance the tight-money drag." The improvement Mr. Neal anticipates for next year "will perhaps be at a slower rate than this year's."

Great American Insurance Cos.' Mr. O'Neill is among those who think business will level off next year. He thinks the economy needs a "breath-catching period," but adds the opinion that military expenditures will continue to buoy heavy industry.

Eldred H. Scott, senior vice president and controller of the Detroit Edison Co., is among those who expect a decline next year. He feels it will result from an end of "the capital spending boom and war-induced distortions."

Dr. Jesse Werner, chairman of chemical-making General Aniline & Film Corp., sees no signs that the inflationary pressure will ease next year.



PHOTO: VIC GREENE—BLACK STAR

Suppliers of building materials generally are pessimistic. With interest rates up, mortgages all but impossible for many people to get and housing starts down, few wax enthusiastic.

Most of the business executives responding expect their labor costs, including fringe benefits, to increase five per cent to 10 per cent through 1967.

To most of the businessmen these hefty wage-benefit demands, if met, spell i-n-f-l-a-t-i-o-n.

"This unrelenting pressure for annual wage increases of substantial amounts forces costs of doing business up, with all of the consequences on the inflationary spiral," asserts Ernest S. Marsh, president of the Atchison, Topeka & Santa Fe Railway Co.

Cut that government spending

Businessmen were asked, if inflation gets worse, what government action, if any, would be appropriate. The most-written response: Cut non-military government spending at home and abroad and restrain labor demands.

The Santa Fe's Mr. Marsh feels that if inflation worsens, the government should "reduce its spending and take a strong position against further rises in costs of employment. A tax increase is not the answer."

Detroit Edison's Mr. Scott believes consumer spending would have to be reduced and saving increased. "This implies taxation or consumer credit control," he concedes. "Price control will not work except under total mobilization."

While seeing it as the ideal, businessmen feel that

the Administration and a liberal-dominated Congress aren't about to cut back federal spending. Mr. Neal of Fidelity & Deposit Co. of Maryland sums up the suspicions of many: "Additional taxes will probably be sought after the elections to keep inflation from getting worse."

Robert P. Fedder, president of R. P. Fedder Corp., a Rochester, N.Y., manufacturer and distributor of air filters, disagrees. "A tax increase should be carried out immediately, but it probably won't come until after the elections. Then it might be too late, and a tax cut may be needed."

Some corporate leaders see the U. S. balance of payments deficit deepening, and several cited this as the biggest economic problem next year. The payments imbalance with more dollars going abroad than coming back allows foreign banks to accumulate dollars which they can use to buy gold from the dwindling U. S. stock.

"Union demands are pricing us out of many foreign markets," complains the president of an apparel concern. "With the government afraid of the unions, it will probably get worse as other countries increase their exports."

A New York manufacturer who asked not to be quoted by name says he will have to raise prices before year-end on lines where raw materials costs have gone way up. He expects to have to raise them further next year to offset his labor costs, which he estimates will go up 15 to 20 per cent.

Charles S. Coyle, president of Sherman Manufacturing Co., Inc., a

(continued on page 58)



How private enterprise solves public problems

The traditional American way of problem-solving—through private action—is showing ingenuity and vitality despite the wave of federal government resources now being dumped into a broad range of social and economic projects.

Moreover, farsighted businessmen and others in the private sector of the economy see a growing role for private individuals, business and organizations in devising answers to public needs in the future. They urge even greater effort by private organizations to come up with workable alternatives to federal programs.

"I can think of nothing that would put the brakes on Big Government faster than for business to identify critical problems and take the initiative in dealing with them before Washington felt the need to act," says George Champion, board chairman of The Chase Manhattan Bank. He adds that business already "is contributing three quarters of a billion dollars a year and an unreckoned sum in time and talent to eminently worthwhile projects in the fields of health, welfare, education and culture."



THE QUIET CRUSADE

Working effectively but without fanfare, private organizations help people in myriad ways. A small boy (above) receives polio vaccine from Dr. Jonas Salk himself. Underprivileged youngsters are assisted with both their studies and baseball swing. And these are only a few of the many groups at work.



Corporate contributions to good causes totalled \$780 million last year. Individual American giving to religion, education, health and welfare—including businessmen as individuals—amounted to \$8.9 billion. Foundations—many of them established by private industrial fortunes or corporations—contributed \$1 billion. Charitable bequests were \$593 million. The total of \$11.3 billion showed an increase of \$700 million over 1964.

Money isn't everything

Of course dollar figures are really only a surface indication of the worth of private contributions for the public good. Immeasurable time and energy and ability is invested year around by public-spirited citizens for everything from college alumni fund drives to activities to aid underprivileged children.

The scope of private efforts to solve nationwide problems in the United States is virtually limitless. It is an indigenous part of our culture, going back to the early days of the republic. When he wrote his "Democracy in America" in the 1830's, Alexis de Tocqueville noted

that "the Americans make associations to give entertainments, to found seminaries, to build inns, to construct churches, to diffuse books, to send missionaries to the antipodes. . . . Whenever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association."

Name a problem and you will find a private organization working on it. Polio has been nearly wiped out as a result of research financed by the March of Dimes, which has turned its attention to other medical challenges. Disaster victims are aided by the Red Cross. Many underprivileged people are helped by church groups, united community funds and others. The quality of our education is improved by foundation-sponsored research. The list goes on and on.

Ralph Lazarus, president of Federated Department Stores, Inc., and former president of the United Community Funds and Councils of America, points out the unique value of private efforts:

"There are certain social pro-

grams, such as unemployment and old-age insurance, that are administratively feasible to approach on a national basis. But not so the major problems that plague us today. Almost all of them are susceptible only to local diagnosis and solution by concerned local citizens. . . .

"Government at any level is likely to be slow, unimaginative and too rigid to cope with the speed of social change that now confronts us. It is also too hamstrung by its political commitments to be able to tolerate much of the kind of medicine we need a lot of—creative experimentation in the social field.

"Just as important to me is that every time we delegate another job to government—city, state or national—we put one more brick up on the wall of privacy that is shutting us off from concern for our neighbor and his concern for us. Every time a citizen group takes on such a job, it is doing its part to reverse this process."

Many businessmen are working hard to boost the contribution of the private sector, whether as in-

(continued on page 52)

As new controls threaten

Would you rather fight than switch?

Autumn gusts are not alone on Madison Avenue.

Winds from Washington also blow through Advertisers Alley as 1966 draws towards an end. They are not merely mischievous fall breezes that flip off a man's hat or lift a skirt.

Washington's winds are harsh and political and they could become permanent winds of change for the \$16 billion world of advertising.

After nearly 35 years of nipping at the edges of advertising, the federal government now seems determined to make basic changes in the marketplace. You and all other businessmen who advertise could feel the effects.

The government presents a solid front for what may turn out to be a long and costly contest with you and other advertisers to bring about the changes. Manning the government battle line are the Justice Department, Congressional committees, Federal Trade Commission, Federal Communications Commission, Food and Drug Administration, the courts and the Presidential Committee on Consumer Interests.

Governmental forces are commanded by two generals: Donald Turner, chief of the Justice Department's Antitrust Division and a lady general, Mrs. Esther Peterson, who is assistant Secretary of Labor and who speaks for President Johnson on consumer matters.

The advertisers' front is not completely solid. Some agency men and clients say many changes Washington wants should be made voluntarily because either they are reasonable in the first place, or because in making them the advertising world might head off Washington demands for more

Norman H. Strouse, board chairman, J. Walter Thompson Co.—"A Department of Consumer Affairs would simply be another move toward an overly paternalistic government, conceived in political expediency and administered through a bureaucracy not directly responsible to . . . voters."



John Crichton, president of the American Assn. of Advertising Agencies, one of the leaders of an industry now threatened with new federal rules, regulations and laws that would severely interfere with traditional marketing practices.

PHOTO: LEO CHOPIN—BLACK STAR



William P. Dunham, Advertising Federation of America. The U. S. advertising industry has grown from a \$6 billion a year business in 1946 to \$16 billion today. But too many Washington bureaucrats have a deep distrust of business growth. They see it as a trend toward monopoly.

costly changes. At any rate, "Let's not have a stand-up fight with Washington," they say.

More want a fight to the finish.

Still others seem almost unaware of what may be shaping up for them.

Advertising men in New York say their industry—the fine and ancient means of projecting persuasive information—is not doing a good enough job in telling its own story.

"Washington has taken the center of the stage," one advertising man said, "and we cannot move the bureaucrats off." Another said, "Turner (the antitrust chief) has the platform. He is scoring points. We are not adequately answering him."

Main lines of defenses are two-ply—1. Advertising is honest, clean and rarely misleading. 2. If new laws are indeed needed, then only a few will do because existing federal, state and local laws already take care of practically every situation where voluntary codes and curbs have not been effective. It is not yet clear who will lead the way for the advertisers. Perhaps one leader will be John Crichton, president of the American Assn. of Advertising Agencies, or William P. Dunham, operations officer of the Advertising Federation of America, or Charles W. Collier, president of the Advertising Assn. of the West, soon to merge with AFA. Perhaps the chief strategist will be some agency man, or some yet undesignated advertising director.

What Washington wants

Government firepower is great. Its weapons are varied. The battlefield is broad. Academic-

Tom C. Dillon, president, Batten, Barton, Durstine & Osborn, Inc.—"The government is playing the old bunco game of creating a false villain—in this case advertising—and then sicking another man—in this case the consumer—on him. This causes an unnecessary fight and while it is going on . . . government runs off with . . . more . . . rights of business."

PHOTO: CHARLES MOORE—BLACK STAR



Charles W. Collier, president of the Advertising Assn. of the West. His association and the AFA are pushing merger plans that would permit them to speak with one voice when discussing issues that affect this vital communications industry.

PHOTO: CHARLES MOORE—BLACK STAR



RATHER FIGHT THAN SWITCH? *continued*

cians turned civil servants, bureaucrats and politicians who operate on the government side, want a battery of changes.

- The Justice Department wants new sources—sources other than advertising—of information on products for public use. This would be government-sponsored consumer reports.

- Mr. Turner speaks for developing still other counterinfluences to advertising.

- The antitrust chief appears dead set on proving that advertising restricts trade and creates artificial monopolies.

- The government is considering imposing limitations on promotional expenditures by firms which have gained what it calls "undue market power" through violations of the Sherman Act.

- There will be wider usage of government grading of food, clothing and other items. Restrictions just enacted for automobile tires are an example.

- In the next Congress, a new Cabinet rank Department of the Consumers may be formed. This, in the opinion of advertising men, would become command post for maneuvering against all business.

- The government is almost certain to get legislation forcing advertisers to stop using phrases such as jumbo, giant, family size, economy pack, cents off. Standardized labeling and designation of weights and measures to give consumers what the government judges to be clearer information are aims of the so-called truth in packaging measure.

- The drive against what some consider shrill radio and TV commercials is well advanced.

- Obscenity is hard to establish. The United Supreme Court is muddled over what is, and isn't, obscene. A close watch is kept on "open-end mike" shows where obscenity is suspected. Questions have even been raised over the propriety of a series of automobile ads which show a fully dressed girl merely pointing either at the reader or at the car.

- Warranties and guarantees are increasingly coming under study for possible fraudulent or misleading claims.

- Sitting squarely in Mrs. Peterson's sights are advertisers and industries dealing with appliances and shoes (especially children's

shoes). She wants advertising made more specific, quality of items improved, service arrangements bettered.

- The old practice of some loan companies advertising money "at 6%" when actually borrowers pay 20 or 30 per cent, could be ended by the so-called truth-in-lending bill. This legislation moreover would be an impractical burden on all sorts of businesses and institutions that lend or extend credit.

- Washington shows increasing interest in discounts given some advertisers but not others and to trading stamps which are used as an inducement to buy. Washington too is having a look at pricing of private brands.

- Some facets of advertising and manufacture not covered in specific legislation might be included in a regulatory "Dangerous Products Act" which the Federal Trade Commission is boosting. This would deal broadly with the consumer safety.

"I am deeply concerned about the increasing number of these proposals," says Norman H. Strouse, board chairman of J. Walter Thompson Co., "because they seem to arise out of genuine ignorance of the workings of a free market and lack of confidence in the ability of the consumer to make free and intelligent choices. . . ."

"However, 'consumer protection' seems to have become a popular political posture in these days, which could result in legislative 'over-kill' if not restricted and contained.

"A Department of Consumer Affairs would simply be another move toward an overly paternalistic government, conceived in political expediency administered through a bureaucracy not directly responsible to the voters.

"The temptation, under these circumstances, is a progressive reach for more power, assumption of arbitrary positions and the normal human arrogance of undisciplined authority.

"I don't believe there is any conspiracy to single out advertising for attack. As advertising is the most conspicuous element in the marketing process, it is quite natural that those who tend to be anti-business in their attitudes would also tend to be severely anti-advertising. But it is simply business that they find unpalatable. . . ."

Tom C. Dillon of Batten, Barton, Durstine & Osborn, Inc., sees recent events and those coming up not just as an anti-advertising, anti-business campaign by Washington.

"It goes deeper," he said. "It is a political move. It is fine to tell the consumer he is a victim, that you will protect him. This is a good position for politicians. It gets votes. And remember, there are a lot more consumers to cast their vote than there are advertising men or businessmen combined.

"The government is playing the old bunco game of creating a false villain—in this case advertising—and then sacking another man—in this case the consumer—on him. This causes an unnecessary fight and while it is going on the government runs off with a few more of the rights of business."

Many other advertising executives say that government dislikes and mistrusts advertising, that advertising, in the opinion of some government officials, is materialistic.

Madison Avenue shivers

Speeches by Mr. Turner made during the summer helped these men reach their conclusions. Up and down Madison Avenue and in Washington you hear quotes from Turner's utterance. They have become, in the advertisers' opinion, the government battle cry.

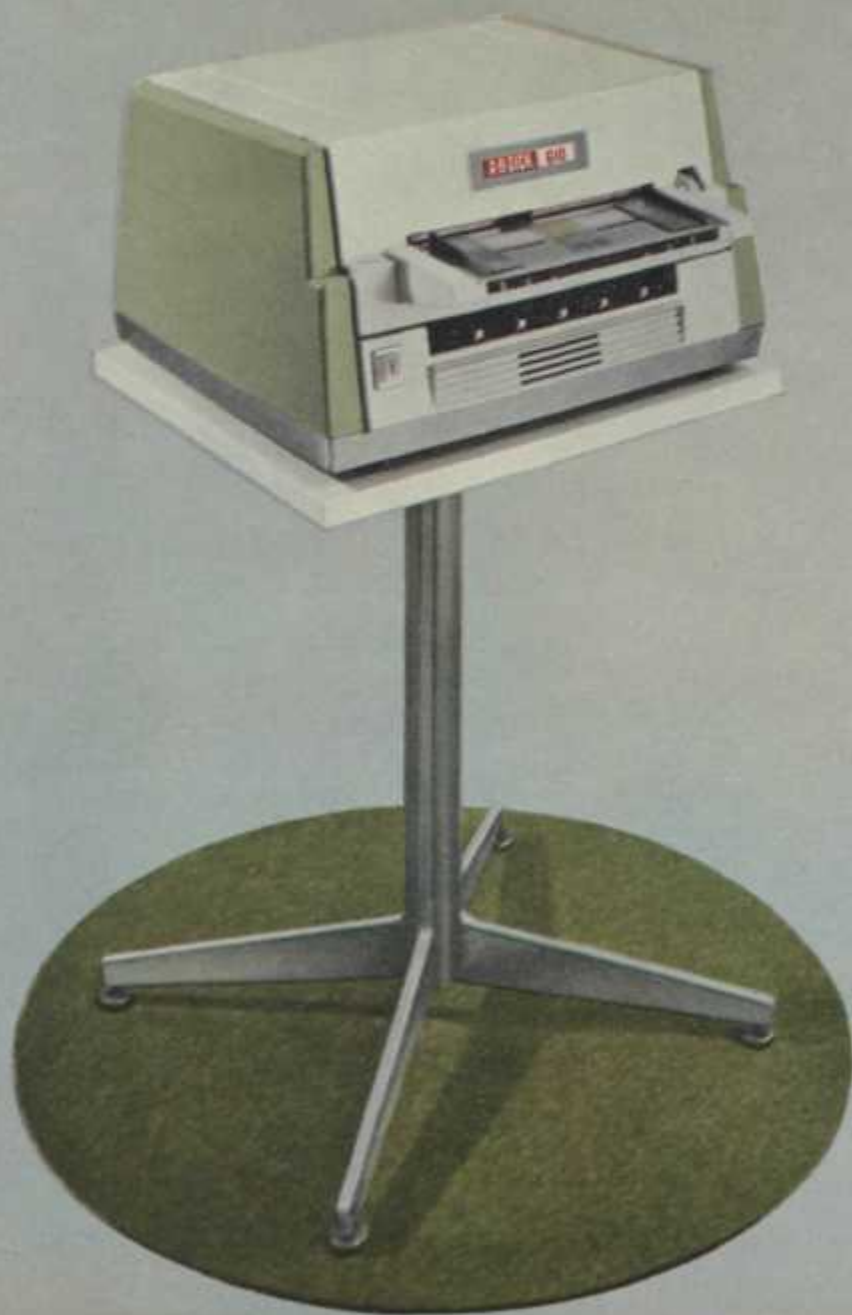
The speech which sent the deepest chill was given by the antitrust chief in June before a Washington legal audience. Here are excerpts which frightened advertising the most:

Said Mr. Turner: "Traditional antitrust policy has repeatedly stressed the relationship between the conditions of entry and the existence of monopoly results. It is specifically on this basis that a number of business practices have been attacked as imposing unacceptable restraints on competition. We should hardly be unconcerned if heavy advertising outlays lead both to more concentrated market structures and to the establishment of high monopolistic prices, and it seems clear that they can and do."

"... A recent study of consumer goods industries found a significant correlation between the proportion of industry sales devoted to advertising and the average profit rates which were earned. Industries with the high advertising outlays tended to earn profit rates which were about 50 per cent higher than those which did not undertake a significant effort. Since, moreover, average profit rates in this study reached nearly eight per cent after taxes on stockholders equity, it is likely that these additional gains represent monopoly rewards. They represent

(continued on page 104)

New A. B. Dick on-the-spot copier



*Now you can afford
to put a 610 copier
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LESSONS OF LEADERSHIP: PART XVII

REVIVING THE GIANTS

A conversation with Ernest R. Breech, chairman of Trans World Airlines, the management genius who rebuilt some leading American corporations

Rebuilding corporations has become a habit with Ernest R. Breech.

He picked it up back in the '30's at General Motors Corp. There he took a GM-controlled company that made airplanes and operated airlines, sold off its airline properties and moved its manufacturing employees from Baltimore to Los Angeles.

Today, that company is the giant aircraft, missiles and space contractor—North American Aviation, Inc.

Next GM picked "Ernie" Breech to direct the reorganization of Bendix Aviation Corp., a job he did so well he was made Bendix president.

Still, the greatest challenges and accomplishments lay ahead of this energetic man. He joined Ford Motor Co. at the end of World War II when its plants were run down, products obsolete and financial controls almost nonexistent. Fourteen years later he retired as chairman of the board after rebuilding Ford into one of America's biggest and most profitable enterprises.

But "retirement" for Ernie Breech soon meant, instead, directing Trans World Airlines, Inc., which was in deep financial trouble. Mr. Breech and

the management team he attracted turned TWA from a carrier that lost \$14,745,000 in 1961 into one that earned \$50,104,000 after taxes last year.

Mr. Breech is 69 now, but he doesn't look a day over 50. He thinks he'll have more time for leisure when he turns 70, the age at which many corporations retire their directors. Meantime, in addition to his TWA chairmanship, Mr. Breech is on the boards of Ford, Rexall Drug & Chemical Co., Lehman Corp. and One William Street Fund, Inc.

To achieve his business successes, Ernie Breech has built entire new management teams. In this interview with *NATION'S BUSINESS*, he tells how he reorganized and rebuilt, how he attracted and kept top-notch people, he recalls the toughest decision of his career and he lets you in on what he thinks it takes to be successful in business.

Mr. Breech, you started your business career nearly 50 years ago as an accountant. Isn't that right?

Yes. The pay was \$15 a week, and after about three months I was raised to \$18. I was with Fairbanks-Morse & Co. (continued on page 84)

BUSINESS: A LOOK AHEAD

New tool—fluidics

(Manufacturing)

Selection by satellite

(Marketing)

Beltsville battles cattle-killers

(Agriculture)

AGRICULTURE

Government prepares for another war it hopes never to have to fight. The threat is from foreign invaders. The stakes: the \$17 billion livestock industry.

Command post is a situation room at Beltsville, Md., complete with maps and tie-ins with nationwide communications. War games, next one scheduled soon, pinpoint holes in defense setup.

Enemies are rinderpest, a virus so far absent here, and foot-and-mouth, now appearing in Russia, England, elsewhere. Both are debilitating diseases requiring slaughter of stricken animals. No vaccine is practical here.

Defense plan provides for analysis of suspected tissue at Agriculture Department's isolated lab at Plum Island, N. Y., isolation of exposed animals, quarantine of areas suspected of contamination, shipping aid for producers.

Dimensions of problem: Battle area is large—cattle can move 1,500 miles within 48 hours; giant carcasses require disposal; 5,000 tons of chemical disinfectant in Michigan might be needed in Tennessee, for example, in 24 hours; demand for uncontaminated animals would rise; entire counties might be embargoed.

Last six outbreaks of foot-and-mouth here cost \$253 million measured in 1929 dollars.

CONSTRUCTION

Cost-cutting in new and renovated buildings extends to maintenance and operation as well as initial construction and rehabilitation.

Increasing numbers of experts predict that the same high labor costs that spur prefabrication in building components also prompt new emphasis on labor-free operation and maintenance.

Slum rehabilitation project in New York, for example, includes installation of radiant heating and ceiling panels all in one. This cuts installation costs. Also eliminated is a central heating plant requiring costly maintenance and janitor service.

FOREIGN TRADE

France's bid for power through independent nuclear strength may extend into world market for computers, increasingly recognized as a strategic resource in their own right.

Because of nuclear test-ban treaty, U. S. refuses to permit firms to sell high-performance scientific computers capable of use for nuclear research abroad. So Gen. de Gaulle has launched government-backed campaign for French computer capability.

Export implications: Government and U. S. industry sources note that widest possible market—including exports—is needed for high-cost items

like most advanced computers. They reason that France, if successful in catching up with computers, may emerge as bigger competitor in world market.

MANUFACTURING

A few pounds of air can position a 6,000-pound chipper head in a sawmill, moving it at the rate of one foot every two seconds with hair-breadth accuracy.

The control process is called fluidics. It harnesses the physical performance of air under pressure as a switching system comparable to wonders of transistors in an automated process.

Already fluidics has wide and varied applications, ranging from use in equipment to test anchor bolts for power-transmission lines and railroad control systems to operation of inflatable mattresses which automatically, at intervals, turn bed-ridden hospital patients.

T. R. Miles, consulting engineer from Portland, Ore. (See "On the Drawing Board—A New America," September) says the most exciting aspect of fluidics is the potential for extending automatic controls to traditionally unsophisticated processes—like sawmill operation.

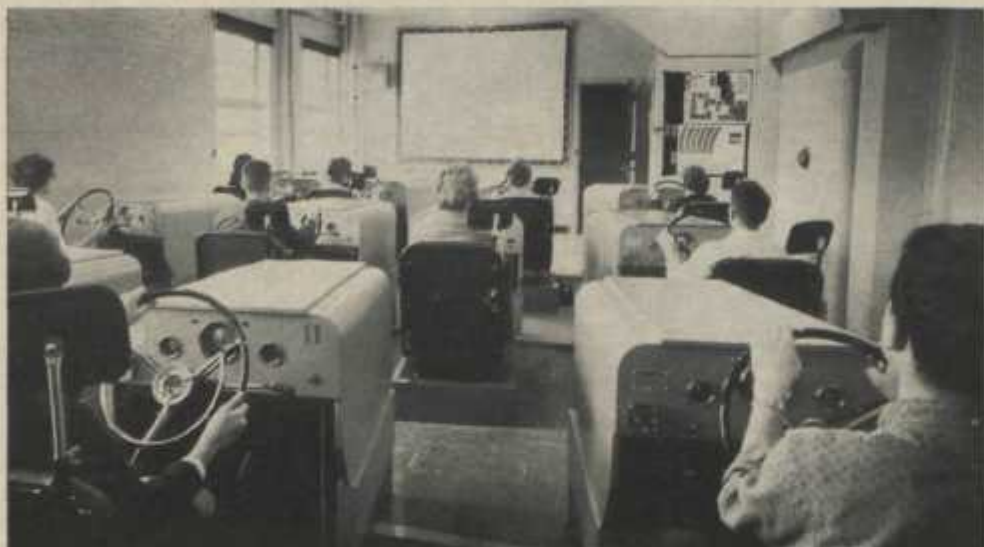
MARKETING

Communications satellites have the potential for altering TV network broadcasting, advertising and competitive position of all printed and electronic media.

So claims a thoughtful New York ad agency man handling the TV account for one of the nation's corporate giants.

His reasoning: The three big networks in existence must shoot for the mass market and program accordingly. This largely limits advertising to mass consumption.

Satellites hold technological promise of making far more channels available; networks could proliferate. This could lead to the same audience selectivity—readership upgrad-



Driver training is sharply criticized in a new study on problems of traffic safety (See Transportation)

ing—undertaken by many publications.

He regards a single network beamed exclusively at women as conceivable. Or several aimed at high-income, well-educated segments.

As in publishing, economies could bring new advertisers into TV medium. For example, typewriter manufacturer who balks at spending \$40,000 a minute for prime time now might happily go for a selected audience at \$7,000 or \$8,000 rate.

Prospect seems less remote in view of recent studies showing that TV now misses large segments of choice consuming public.

NATURAL RESOURCES

Gas turbines are coming on strong in the power field.

These land-based jet engines, capable of feeding on anything from kerosene to high-quality natural gas, are gaining wider use by utilities and are by-passing reciprocating engines as pipeline power source.

In the 4,000 KW and higher range, total output scheduled for this year is 76 units, against 52 last year and 48 in 1964. Of this year's total,

53 go for power systems, six for industrial use and 17 for export.

The East Coast power blackout undoubtedly gave the gas turbine a boost in adoption for standby generation capacity. Many utilities, however, also are going the gas turbine route for auxiliary power to meet peak demands.

Pennsylvania Power and Light plans installation of 16 units by the end of next year.

One manufacturer reports that demand is stretching out delivery time as utilities order against needs anticipated for the summer of 1969.

General Electric, which has about 40 per cent of utilities market and 50 per cent of industrial market, predicts turbine installations in next two years will more than double those put in service in past 16 years.

TRANSPORTATION

Major changes in the nation's approach to highway transportation may offer the real solution to traffic safety.

This conclusion is implicit in a study by Arthur D. Little, Inc. that could influence the future of re-

search and development in road transportation.

Gen. James M. Gavin, board chairman of the research organization, reports that study, done for Automobile Manufacturers Association, shows "traffic accidents are most meaningfully viewed as failures of the system rather than . . . any single component, such as the driver, the vehicle or the environment."

Other highlights:

Clearly visible roadsides seem to reduce accidents, especially fatalities.

Skidding seems a primary contributor, on both wet and dry pavement.

Alcohol as a factor deserves "intensive investigation."

Accident statistics help identify these problem areas but do not support specific recommendations.

Driver education comes in for knocks; research team found one little old lady teaching driving who owned no car, never had driven (but she'd read all the books).

"We have found only limited information on the changes in injury severity that could be expected from design changes to vehicle components," says study.

HOW MANY POINTS HAS YOUR SAVINGS ACCOUNT GONE UP THIS YEAR?

If you had put \$25,000 in a savings account on January 3 of this year, by September 2 that \$25,000 would have bought stocks that were priced at \$29,675 on January 3. This means that your savings account increased 18.7% in stock purchasing power in addition to paying generous earnings over this period. (These figures are based upon the Dow Jones Industrial Average stocks at the market close on these dates.)

We're not saying that it is unwise to invest in the stock market. Far from it. The stock market is a vital part of our national economy, and stockbrokers perform a useful and necessary function.

What we are saying is that many investors keep a substantial part of their estates in savings accounts in Insured Savings and Loan Associations. They have safety, liquidity and good earnings. And, if the stock market goes down, the value of their savings accounts goes up in terms of the number of shares of stocks they can buy. How many points has your savings account gone up this year?



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ENTERPRISE SOLVES PROBLEMS

continued from page 43

dividuals taking part in charity drives or chamber of commerce projects or as executives determining corporate policy.

International Business Machines Corp., for example, made a significant contribution when it gave \$5 million to Harvard University to launch a 10-year study of the social impact of technological change and automation.

"Today's technology creates extraordinary possibilities for conquering disease and poverty, for raising living standards and increasing leisure," IBM Chairman Thomas J. Watson Jr. says. "At the same time, it confronts us with problems of considerable magnitude. Hopefully this work will help generate the understanding and ideas our country needs to get the full benefits of technology while minimizing disruption and hardship."

Knee-jerk to government

In recent years, the public increasingly has tended toward a knee-jerk reaction when a widespread problem becomes apparent. The reaction is to turn to the federal government for the ways and means of problem-solving.

One reason is that a myth has proliferated that the federal government is the only mechanism big enough and with enough resources to cope with public problems.

A key reason for this is that national political figures have access to and make the most of our fantastic national communications systems.

As part of the process of getting and keeping public office, politicians trade in public problems. They seem to have convinced much of the public that where there is money there is a way, and that there is indeed enough money in the federal treasury to accomplish any feat no matter what the cost.

In urging that businessmen redouble their efforts to find private solutions to public problems, George Champion points out that "the polls have shown repeatedly that whenever people see a viable alternative to government action, they are likely to support it. They favor government intervention only when there seems no other way."

"Creative competition between business and government could offer that other way," he proposes. "What I am suggesting is that busi-

ness might compete with government by setting up projects that would represent beachheads of excellence throughout the country. These would be in the nature of pilot programs in social experimentation that could serve as models for others in the future. By establishing standards of quality and cost for the government to emulate, these public service projects could exert a cumulative effect far greater than their immediate impact."

How business solves problems

As Mr. Champion and other business leaders emphasize, this spirit is growing in the business community. There are innumerable creative projects under way in an attempt to renew our major cities. For example:

The Pennsylvania Railroad recently announced that it will extend Pittsburgh's Golden Triangle with a large privately sponsored downtown renewal project known as Penn Park. The railroad intends to clear a 148-acre blighted section and landscape it for office and apartment buildings. These structures will rise in a park setting with gardens, lawns, woodlands and thoroughfares.

In other cities as well businessmen are meeting the challenge of urban renewal privately or with a combination of private and local funds. Dallas and Houston each has several hundred million dollars worth of privately financed renewal projects under way ("What Your City Needs to Grow," NATION'S BUSINESS, September 1964). San Diego and others are doing the same.

In New York City's East Harlem the United States Gypsum Co. is trying a \$1.25 million experiment in urban renewal. The company bought six dilapidated but structurally sound tenements and is demonstrating that they can be quickly and economically rehabilitated without relocating families to other neighborhoods.

U.S. Gypsum's pioneering approach offers a practical and less expensive alternative to the mass demolition of slums through federal urban renewal and construction of public housing for the displaced families. In the first tenement which the company tackled, it cost only about \$9,000 per unit to gut and modernize the building. Public housing in the New York City area averages \$22,500 per unit.

Unlike total clearance, rehabilitation does not destroy communi-



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Ft. Worth.....	274-0943	Toledo.....	243-6103
Houston.....	748-3880	Washington.....	525-6700
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ENTERPRISE SOLVES PROBLEMS *continued*

ties and uproot and scatter the people who live there. Tenants of these buildings are being moved to other apartments nearby at the company's expense while reconstruction goes on and then moved back to their original building. Rents are comparable to public housing.

In the field of education, where the federal government extends its influence year by year, the contribution of private organizations is enormous. The big foundations—established with industrial fortunes

grams aimed at furthering the education of GE employees. The company made loans amounting to \$659,000 for college study by employees or their children. Another \$352,000 was spent on guidance publications and teaching aids for secondary schools.

A striking case history showing how a private organization can compete with government is offered by United Student Aid Funds, Inc., a nonprofit corporation which in the past several years has guaranteed nearly 70,000 loans to college students totaling more than \$40 million. Nearly 700 colleges and 5,500 banks in 49 states are co-operating in the program.

The idea was borrowed from the Massachusetts Higher Education Assistance Corp., set up by bankers and businessmen in that state to provide low-cost personal loans to college students to help them complete their education. Corporations, foundations, labor unions and individuals contributed enough money to form a guarantee fund which enabled banks to make the loans.

United Student Aid Funds built up its security fund partly with deposits from colleges and universities and partly from foundation and business grants. Banks sign contracts agreeing to lend \$12.50 at a nonprofit rate for every dollar held in the fund. Colleges advise on which students need loans and how much. Loans are made and collected by the banks.

Private program beats federal

Comparing this private program with the federal government's student loan operation under the National Defense Education Act, one of the founders of the USA Funds, Richard C. Cornuelle, says:

"Already the superiority of the independent program is evident. Dollars invested in our program do nearly 50 times the work of dollars put into the federal program. . . . We believe our modest experiment has confirmed our hunch that competition with government is not only legitimate but necessary."

A small but imaginative project in the field of education was started by the Radio Corp. of America five years ago. It has since been joined by eight other companies—IBM, Bell Telephone Laboratories, Inc., Consolidated Edison Co. of N.Y., Inc., Merck & Co., Inc., United States Steel Corp., Shell Chemical Co., Esso Research & Engineering Co. and Union Carbide Corp.

These companies are drawing on

For an insight

into what business leaders

see ahead, turn back to

page 38

— earmark more money for education than for any other area, and significant improvements have come from their efforts. Foundation money, for example, has developed the new math, established the National Merit Scholarship Corp., sustained educational television, financed James B. Conant's perceptive studies of the U. S. school system and helped universities set up area study centers such as Harvard's Russian Research Center.

Business also is making broad-based contributions to education. Corporations are giving more than \$250 million a year to colleges and universities. They are also giving scholarships and loans to students, contributing material and equipment to schools, providing teaching aids and donating company personnel to school projects.

As an example, the General Electric Co. last year gave a total of \$4.1 million in cash and equipment for instructional use to colleges and universities. An additional \$1.2 million went to tuition refund, honors study and other pro-

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ENTERPRISE SOLVES PROBLEMS *continued*

their top scientists and engineers to present a series of nine lectures during the school year to scientifically inclined students in the New York City high schools.

Subjects covered range from such topics as the scientific application of computers to extraterrestrial biology.

One of the most impressive examples of the innovative impact of private efforts lies in the story of the North Carolina Fund. Set up in 1963 by a group of North Carolina citizens as a nonprofit corporation, it was financed by grants totaling \$9.5 million from The Ford Foundation, the Z. Smith Reynolds Foundation, Inc., and the Mary Reynolds Babcock Foundation, Inc.

Its aim was to find ways to "break the cycle of poverty" in the state, and it moved so imaginatively toward that goal that the federal Office of Economic Opportunity, coming along in the following year, adopted several of its basic concepts. The fund is now supplementing its private endowments with about \$4 million in federal grants.

The fund originated the idea of setting up a series of community action programs in different areas to coordinate the attack on poverty. It established the North Carolina Volunteers, a group of college students who devoted their summer vacations to working with the poor. Together with the State Board of Education, it has established a program for enriched training in the three R's for disadvantaged children.

Among other programs which it has sponsored is the successor to the Volunteers, an organization called Youth Education Services. Using college students, YES is operating tutorial projects for children of poor educational background throughout the state.

Though YES is drawing on OEO funds this summer to expand its full-time staff of college students, Michael H. Lawler, one of its founders and a recent college student himself, explains the vital advantages of its private character:

"We don't want to use federal money as a basic support—private funds are much more flexible. Federal regulations reduce our ability to experiment in working situations.

"It's simply that it's difficult for the large federal system to adapt to individual situations." **END**

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INFLATION? RECESSION?—OR BOTH?

continued from page 41



If government wants to stem the inflationary tide, it should end its "profligate" spending, advises E. A. O'Neill (above), president of Great American Insurance Cos. Eldred H. Scott (below), senior vice president of Detroit Edison Co., looks for business generally to drop because of end of capital spending boom.



PHOTO: E. A. O'NEILL - REX BEARD; ELDRED H. SCOTT - REX BEARD

St. Louis maker of metal stampings, also says he expects to have to raise prices this year because of raw materials increases and next year because of increased cost of materials and labor.

Only seven per cent of the businessmen responding expect their sales to slip before year-end, and only nine per cent foresee a decline next year.

Sales up, profits down

So while the majority expect increased sales, only one fifth see their profits per sales dollar going up in either the rest of this year or next year. One third foresee profits per sales dollar dropping off next year. Businesses fitting into this category range from single-owner services to gigantic equipment manufacturers. The big reason they give for this erosion: Sharply higher labor costs.

A few businessmen are so concerned about their labor costs and the effect they'll have on business generally that they're even willing to have the government reestablish wage and price controls.

But wage-price controls, last invoked during the Korean War, are viewed by most as a most distasteful last resort.

A tight labor supply is encouraging labor to push for rich settlements. Eighty-five per cent of the executives responding expect the tightness to extend through this year, and 75 per cent see it continuing through next year.

Easing the labor shortage

Here are some of the measures businessmen are taking to alleviate the shortage:

Great American Insurance Cos. is stepping up its recruiting and leaving more of the clerical details to machines.

Fort Worth National Bank is "using outside consultants to improve our efficiency and permit operation with fewer employees."

W. G. Balz, executive vice president of Shakespeare Co., a manufacturer of sporting goods and automotive components, is purchasing rather than making more of his materials and is stepping up automation in his own company's plants.

F. G. Gray, president of Ellwood Safety Appliance Co., a Pennsylvania manufacturer of safety equipment and devices, says he's making greater use of part-time help, including "moonlighters" who hold full-time jobs elsewhere.

A large chemicals concern is stepping up on-the-job training.

"We've just got to pirate more employees from our competitors," says another industrialist.

But the plight of some businessmen who believe they've done as much as they can to alleviate the worker shortage is summed up by one clothing manufacturer:

"The only thing left to do is pray!" **END**
(The current survey was taken before President Johnson asked for suspension of the business investment tax incentives.)

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Where bosses fail

Surprisingly, 60 to 90 per cent of all bosses are not regarded as organizational assets by their equals and their subordinates.

Probably, if you look back, more than half of your bosses had plenty of faults if they were typical bosses.

If you are a typical boss, therefore, you are probably regarded as something less than perfect by your equals and your subordinates.

However, you can be a better leader.

One good administrator for 25 years, who has been bossed by many during that time, is very pessimistic and not at all hopeful that there will ever be any improvement in the present low state of the art of bossing. He said recently: "You're wasting your time. I refuse to believe that bosses will ever be any better than they are now."

If most bosses are not good bosses, why aren't they?



Rule book boss

The answer is not simple, but we could conjecture two reasons, or a combination of them:

1. We have not yet learned to educate for leadership.
2. The boss system of organization is not the best way to organize.

While we could spend a long time arguing the second item, this article is devoted to the former, that we have not yet learned to educate for leadership. The word educate is used in its broadest sense, to include self-education.

Galileo once stated, "You cannot teach a man anything—you can only help him to find it within himself." In today's world of executive-developmental education, the most accepted truth is, "Executive development is self-development."

Another widely held belief in the field of boss education is that "developing requires action," on the basis that human behavior stems from attitudes; that behavior will not change unless attitudes change; that attitudes will not change unless the individual becomes emotionally involved in the subject he is studying; that this involvement can best be brought about by experiences which induce or cause the individual to act or react mentally or physically, or both.

This method of learning has been dubbed gut-level learning because of the belief that you are not truly involved in something unless you can feel it inside.

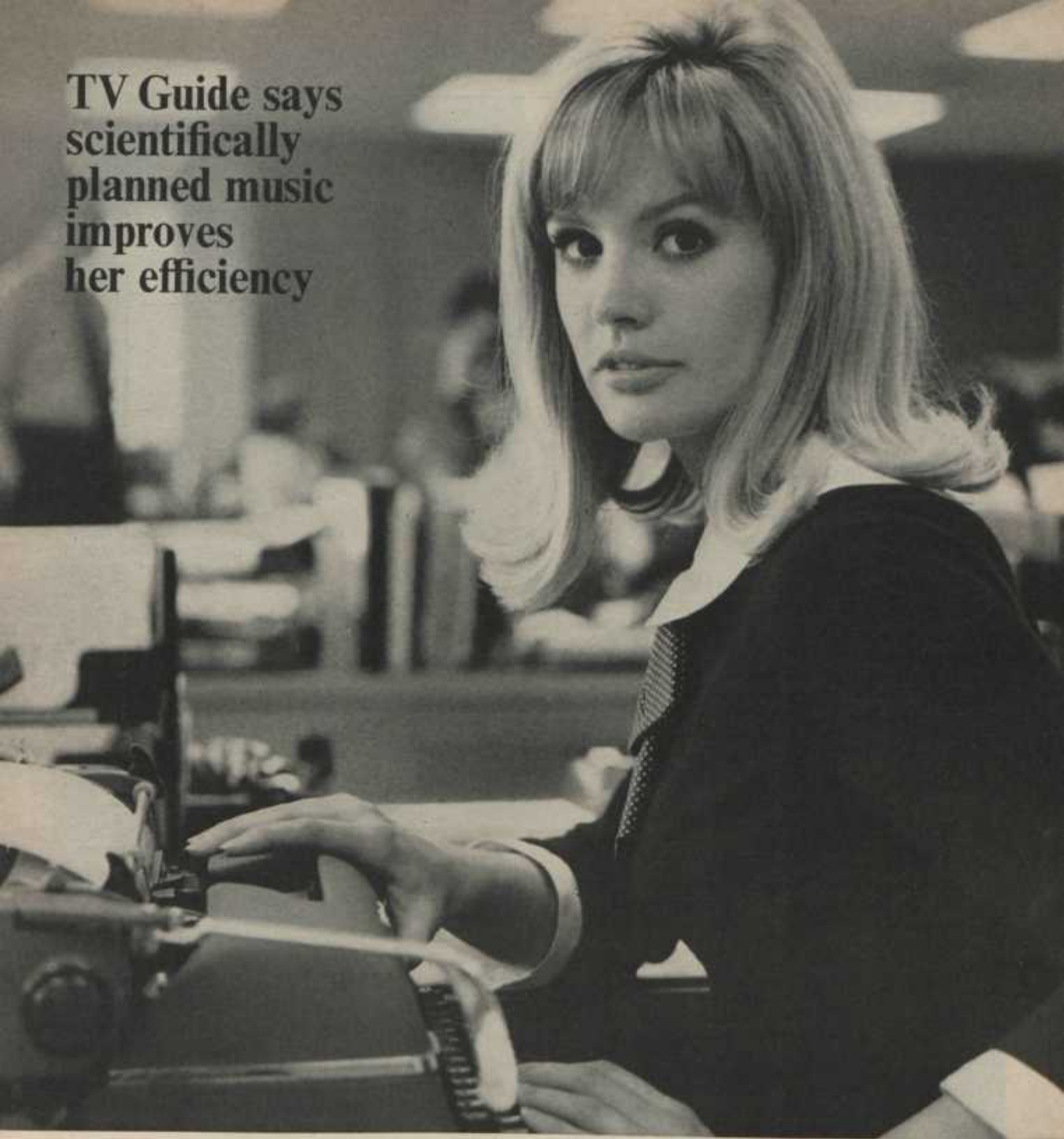
Let's accept that belief and examine ourselves as a boss, first by looking at the behavior of other bosses and then determining whether you yourself are guilty of the same type of undesirable boss behavior.

The most universally known and recognized (though not most understood) relationship in the world today, second only to the husband and wife relationship, is the one between the boss and the bossed; the superior and the subordinate.

In this boss/bossed relationship there are many situations in which the boss behaves in the "wrong" manner. It has been said that few men can define justice, but any man can define injustice. One executive says, "I may not know anything about manage-

The author, CHARLES F. AUSTIN, Doctor of Business Administration, Harvard, and Colonel, Infantry, U. S. Army (ret. August, 1966), conducts graduate courses in human behavior in organizations at George Washington University and American University. He has just completed an assignment as chief of the Personnel Research Division, Office of the Deputy Chief of Staff for Personnel, U. S. Army, in the Pentagon. This article is excerpted from his book, "Management's Self-Inflicted Wounds: A Formula for Executive Self-Analysis," just published by Holt, Rinehart and Winston, Inc., New York. Each type of boss failure listed in this article is given detailed treatment in the book. Copyright 1966 by Charles F. Austin.

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WHERE BOSSES FAIL *continued*

ment, but I sure know how I *don't* like to be managed."

Take a look at this listing of the wrong kinds of bosses and see how many of them you know:

His jobs are never completed before the deadline. He is a crisis manager.

He never passes along a memo without making changes. He is a nit-picking manager.

He doesn't understand the workings of other divisions in his company. He is a parochial manager.

He never receives both sides of a problem from his subordinates. He is a defaulting manager.

He never frankly tells his subordinate what he is really after. He is a hidden agenda boss.

He has an executive assistant, a right-hand man by any other name. He is a boss with a deputy complex.

He never defends his employees in front of his superiors. He is a one-way loyalty boss.

He procrastinates decisions until they no longer are decisions. He is a no-decision boss.

He feels personal contact with his employees doesn't befit his position as a manager. He is an unnecessarily lonely boss.

His door is open but he's guarded from contact with his employees by a series of complex procedures. He is a shielded boss.

He only wants to see his subordinates when he chooses to do so. He is a closed-door boss.

Many of his important projects seem to get lost in the press of daily business. He is a boss who does not know what to neglect.

He is often surprised by unanticipated events. He is a boss who is not ready for the unexpected.

He has not identified his inadequacies. He is a boss who doesn't know what he doesn't know.

When he has a leadership problem, he refers to a



handful of tried and true rules. He is a boss who manages by rule-book.

When something goes wrong, he wastes time wishing he hadn't. He is a boss who only wishes things were different.

Members of a committee that he appoints always seem to endorse his ideas. He is a boss who sabotages his committee.

He does not know the detailed characteristics of highly effective groups. He is an unaware-of-groups boss.

He frequently vetoes a younger man's suggestion to substitute his own with the words: "Experience is the best teacher." He is a handicapped-by-experience boss.

He really believes that all problems can be solved by mathematical equations. He is a slide-rule manager.

He can never catch up with the work load. He is an after-the-fact manager.

Integrity is a word that he defines to suit his immediate needs. He is a shades-of-integrity boss.

He wants to take credit for all work done in his department. He is a grab-the-credit boss.

Even when his reprimands are justified, they are met with resentment. He is a negative-criticism boss.

He doesn't feel that a subordinate deserves praise "just for doing his job." He is a slow-to-praise boss.

He thinks that the only reason that a job gets done is because of the threat of punishment he uses in line with his authority. He is a boss who leans on the crutch of authority.

He uses the written disapproval because he doesn't have the nerve to do it face-to-face. He is a boss who lacks courage.

His secretary takes care of those letters of anniversary congratulations and even signs his name. He is an insincere boss.

He doesn't believe that anyone can effectively car-

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ry out his plans unless the person agrees with them. He is a brainwasher boss.

He keeps his official ratings of his staff a secret from them. He is a secret-performance-appraisal boss.

He will dismiss any disapproval of his actions with the words, "I'm not running any popularity contest." He is an unpopular boss.

He thinks he can "handle" his staff without their realizing it. He is a manipulator boss.

He doesn't care who does the job as long as it gets done. He is a boss who allocates the work unfairly.

He thinks looking busy is being busy; he thinks being busy is looking busy. He is a don't-let-me-catch-you-thinking boss.

He thinks that pinning the blame on someone will prevent future mistakes by his subordinates. He is a witch-hunter boss.

He uses memos for orders rather than face-to-face discussion. He is a one-way communication boss.

He makes up for his small physical stature by belittling others. He is a runt-complex boss.

He is intent on proving that every man has a breaking point. He is a human-erosion boss.

He is reluctant to promote anyone on the grounds that he's not ready for the job. He is a boss who neglects the development of his subordinates.

He always uses profanity in talking to his employees because he feels it's more effective. He is a vulgar boss.

He believes that disagreement among his staff is unhealthy business. He is a boss who doesn't want conflicts.

Anything that he does is right because he's the boss. He is a boss who is drunk with power.

He doesn't contribute as much effort as he should to his organization. He is a lazy boss.

He believes the only time anything gets done is

when he's around. He is a breathe-down-their-necks boss.

He believes threats and fear are the only way to get the job done. He is a manage-through-fear boss.

Every project that he gives out has equal importance at any given time. He is a horizontal-priority boss.

He knows how to do the work but he doesn't know how to get it done. He is a boss who doesn't use his staff.

He believes that as long as he gets rid of a symptom the illness will disappear with it. He is a boss who treats the symptom and ignores the real cause of problems.

His employees know that whatever proposal they offer, it will be watered down by everyone else's proposal. He is a boss who manages by compromise.

The loneliest man in his organization is the man with the new idea. He is a boss who stifles creativity.

He feels that all problems can be solved according to standard policies he's set up. He is a policy manager.

He believes that, if you concentrate on the smallest details, the whole will take care of itself. He is a boss who strains at gnats but swallows camels.

He believes that intangible rewards are hardly important in a corporate system. He is a boss who misuses recognition and awards.

He demands flattery and deference from your employees—even in a social situation. He is a boss whose boots must be licked.

There is no doubt that he can solve any problem before anyone can say "think." He is a solve-the-wrong-problem boss.

He knows that his decisions are often retractable because he often makes decisions just to pacify one subordinate. He is a yo-yo boss.

There is no such thing as an honest mistake in his organization. He is a no-freedom-to-fail boss.

He wants all your people to act and think alike. He is a boss who craves conformity.

All he is interested in is results, he doesn't care what methods his subordinates use to get them. He is a results-at-any-price boss.

He believes that it is better to make a wrong decision than no decision at all. He is an often-in-error, never-in-doubt boss.

He surrounds himself with many assistants with no thought of its effect on the organization. He is a high-overhead boss.

Supervision is an absolute; it cannot vary in kind with different organizations. He is a boss who worships the unity of command concept.

He tried to solve your problems by reshaping his organization. He is a reorganizer boss.

He's the first one to say that informal personnel relationships have no bearing on the job he's doing. He is a boss who ignores the informal organization.

What his organization does is its problem—he declares himself innocent of any action by higher-ups. He is a boss who does not carry the conscience of his organization.

You probably agree that one or more of the bosses you have had or observed along the way has had each of these faults. Further, if you have looked into the



Drunk-with-power boss

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One of a series of messages depicting another growing service of The Greyhound Corporation.



Stifles-creativity boss

mirror, you have by now identified and located a significant number of these faults on your executive anatomy.

Further still, you are probably asking yourself the final and most important question: "How can I correct them?"

Mending your ways

There is no easy, magical solution. You are what

you have been thinking and doing a long time. You are not going to change overnight, and you are not going to be a perfect boss tomorrow.

However, you have already made progress if you have identified and located some of your faults.

Another suggestion is in the form of a methodical scorekeeping system on yourself as a boss. People like to keep score on things, whether it is a sporting event, a weight reduction program or some other activity. Furthermore, in any self-improvement program, it is the trend that counts. You can periodically check up on yourself, and score yourself from time to time as a boss.

The frequency with which you need to conduct these self-examinations depends upon you as an individual. The minimum probably would be every six months, with a more frequent process until you have your trend line well under control.

There is one principle of management which cannot be debunked. It was written about 2,000 years ago: "Do unto others as you would have others do unto you." Another is:

Success is a journey, not a destination. If we took these two rules to live by, we might not need so many other formulas for living. However, things do not always follow the ideal path, and there may be times when, upon checking out your executive score card, that you are not happy about your progress, nor about the direction of your trend line.

But any progress at all should be a source of satisfaction, and should inspire you further in your difficult program of executive self-improvement. **END**

REPRINTS of "Where Bosses Fail" may be obtained for 25 cents a copy, \$12 per 100, or \$90 per 1,000 postpaid from Nation's Business, 1615 H St. N.W., Washington, D. C. 20006. Please enclose remittance.

How to rate your boss

Something you have done regularly as a subordinate, and which your subordinates do all the time with you as a boss, is to make a boss performance appraisal.

Judge the bosses you have had along the way, including the present one.

You can use the following five measurements:

1. As a professional person (did he know his job?).
2. As a human being (did he behave like a human being and did he seem to recognize that you were also a human being?).
3. Did the organization make progress because of him or in spite of him?
4. Did you learn from him more things to avoid doing or more good things to copy in your own behavior as a boss?
5. When you refer to him in retrospect, are those references primarily positive or negative?

In applying this rating to the bosses you have had

along the way, give equal weight to the ratings. It is helpful if you will select an odd number (3, 5, 7 and so forth) of bosses, placing plus or minus signs beside each of these ratings for each boss. Then total the plus and minus signs and arrive at a net negative or net positive figure for each boss.

This makes the scoring process relatively simple in that each boss comes out with either a net negative or net positive score, and each group of bosses also comes out either negative or positive. Please do not read further here until you have performed this rating process.

Having prepared these ratings of your bosses, if your bosses have been typical of that parade which has passed in review all too clearly in your mind's eye, 60 to 90 per cent now have a minus sign beside their images. If you are one of the few whose bosses scored a net positive rating, you're lucky. How would your subordinates rate you?

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GOVERNMENT BY TOTEM POLE

continued from page 37

deprived" and studies discrimination in employment patterns.

- The Neighborhood Youth Corps provides work experience for needy youngsters between 16 and 21, either in school or out of school.

- "Work Experience" helps unemployed parents get basic education, job training and experience.

- Adult Basic Education passes on money to state agencies to teach older people to read, write and do simple sums.

- College Work Study gives funds for part-time employment for college students from low income families.

If a teenager or a grownup cannot find a comfortable spot in one of these, there are still other programs to be tried for size and shape.

- The Bureau of Apprenticeship and Training promotes the development of craftsmen and furnishes money to upgrade the abilities of journeymen workers.

- The Area Redevelopment Act provides for retraining people whose jobs have become obsolete or whose employers have moved or gone out of business.

- The Office of Manpower, Planning, Evaluation and Research gets up "demonstration" projects.

- The Job Corps under the poverty program is a non-Ivy League school system for underprivileged, unemployed and dropouts.

- The Community Action Program backs local anti-poverty campaigns.

- The Department of Agriculture gets in the action too. It lends money to low income individuals or co-operatives serving the poor in rural areas. Since the money can be used either for agricultural projects or nonagricultural projects, critics find it difficult to see why this program could not be fitted into one of the other programs.

- The Small Business Administration has a loan program of the same sort. This provides loans and management assistance to increase "entrepreneurial" opportunities for low income people.

With maybe more to come

In recent weeks there has been an increase in discussion over the possibility of setting up still another "holding action" program.

This one would give applicants part-time jobs—"such as hamburger jockey," as one government official said—until another program is ready for them.

Sitting off to the side is Vocational Rehabilitation. This is a powerful and unusual office which benevolently and efficiently trains handicapped people.

Cooperation between federal offices, departments and agencies involved in manpower, labor and training was said by Congressional and departmental authorities in Washington during August to be "lacking."

Last March the Labor Department had politely labeled the chaos "lack of coordination." In the hope of improving the deteriorating situation before the full blast of trouble, three-man federal de-confusion teams were sent to 30 major metropolitan areas.

The men, representing Labor, Health, Education and Welfare and the poverty program, were told by the President's Committee on Manpower:

"There appears to be considerable confusion in the minds of both the potential beneficiaries and those administering various programs regarding the complete program provisions."

Manpower agencies were not "exchanging information." There was "apathy and misunderstanding."

Another problem concerned "overlap and duplication."

There is still hope that the three-man teams will dilute bureaucracy, button up fraying ends and get more for the tax dollar.

Meanwhile, from the sound of fury this autumn, several poverty projects—among them the Job Corps—may be abandoned or transferred to other agencies. The records of some are considered that bad.

If abolished they would only slightly reduce the \$15 billion tax dollars yearly the federal government passes on to states as grants-in-aid. A few years ago the figure was only \$2 to \$3 billion.

It's so confusing that the Government Printing Office has turned out guides to various programs and has published handbooks on manpower funds and city handouts.

One handbook is entitled, "Major Programs Providing Federal Funds for Employment and Training."

A 70-pager is entitled "Handbook of Federal Aids to Communities."

Each year there also is a new edition of "Catalog of Federal Aid to State and Local Governments." The 1966 effort covered 257 pages.

Private companies have even gotten into the confusion-dispelling act. A firm of municipal consultants

sells "Federal Aid Indicators" for \$1. These wheel-shaped indicators have peepholes which can be matched up with other holes to tell the story of government grants.

Through one hole you can see the "Project Title." Through other holes "Eligibility Requirements," "Amount of Loan," "Amount of Grant," "Agency to Contact," "Program Category."

Changing pipes in midstream

Until a few years ago most people worried little—or even thought much—about water. Water, or the lack of it, is now a fashionable subject.

The federals are deeply concerned, and rightly so. But the concern is as scattered as summer showers.

One agency, the new Department of Housing and Urban Development, makes grants for cleaning plants, building water lines, getting water into homes, sending it through toilets and sinks and carrying fouled water from homes to main interceptor sewers.

At the interceptors, Interior takes over. The department grants money to build facilities to carry the water and waste to treatment plants, clean it and dispose of it.

An example of changing pipes in midstream? It is also possible this HUD-Interior switch is the best way to clean and move water. But, what about the Department of Agriculture? It's in the picture again, too.

Agriculture duplicates activities of both HUD and Interior for cities of 5,500 or less and for rural areas.

There is also overlapping in recent land acquisition schemes involving government programs.

In 1961 the Open Space Program was created. It called for the federal government to put up between 30 and 40 per cent of funds for cities to buy nearby open spaces.

Then along came the 1965 Land and Water Program. This one goes in 50-50 with states for recreation projects such as marinas, playgrounds, beaches, riverfronts. Cities get federal grants through states. Once this program went into operation, the Open Space Program upped its contributions to the 50-50 pace.

Here again Agriculture has a program of its own.

Under Greenspan, Agriculture will reimburse cities 50 per cent of what they paid farmers for land they turn into green areas. Agriculture passes out another 25 per cent of acquisition cost if cities will turn the land to natural uses,

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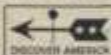
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GOVERNMENT BY TOTEM POLE *continued*

such as bird sanctuaries, forest trails.

All these programs were produced by different committees in Congress with apparently too little regard for waste and excessive administration manpower usage.

The city of Newark, N.Y. shopped around among programs. It selected the Agriculture plan and now has a 32-acre park—75 per cent paid for by federal tax money.

An attempt to dilute duplication may have been behind the brakes Congress has put on the proposed Demonstration Cities Program.

The program called for an all-out attack on city problems. The federal government would pay a supplemental 80 per cent of the local tab of city betterment programs. The plan called for the Department of Labor to train workers; HUD to work with housing; HEW with education and health. The poverty program would play a role also.

Here was one of those massive attacks that Washington thrives on.

Theoretically the program was designed to trim out duplication. But, would it? Would it concentrate governmental resources? Increase effectiveness by simplification? Coordinate?

Congress wanted to take a much closer look.

No one knows where it goes

Recent Congressional hearings have pointed up the confusion over what happens to the grants-in-aid dollars when they leave the Washington, D. C., city limits.

Take New York City, for example. How much Federal money is poured each year into this Baghdad on the Hudson nobody has an exact idea. Not the city fathers who get and spend it, the Congressmen who appropriate it nor the federal bureaucrats who administer it.

Senator Abraham Ribicoff, D-Conn., chairman of the Senate Subcommittee on executive reorganization, sought to elicit answers from New York Mayor John Lindsay during recent hearings on problems plaguing cities.

Lindsay started with the figure of \$350 million in 1965. This was quickly raised to \$500 million then \$507.

Sen. Robert F. Kennedy, D-N.Y., scanned some figures and said it looked more like \$619 million. No,

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GOVERNMENT BY TOTEM POLE *continued*

Ribicoff ventured, it's more like \$861 million.

Finally Lindsay put in, "You break it all down and you come down for a yearly total contribution somewhere over \$500 million and under \$1 billion."

Two Cabinet members did no better in trying to pin down where the money goes. Secretary of Housing and Urban Development Robert C. Weaver testified over \$28 billion a year is spent on programs having

a direct impact on urban problems. Attorney General Nicholas Katzenbach said it was more like \$13 billion.

Mayor John Reading of Oakland, Calif., after more than a year in office, is still trying to find out how one city can efficiently spend the federal dollars that pour in from 140 different programs directed in far-off Washington.

His experience with Uncle Sam has been far from encouraging.

Oakland submitted applications for a number of economic development loans only to find "red tape and delays" imperiling Oakland's

entire program. "The applications seem to vanish into a void upon leaving the city," Mayor Reading said wistfully.

The Oakland mayor also discovered that Washington doesn't always deliver as promised. The city put in a good deal of time and effort to work up a justification for federal housing rehabilitation and modernization grants and loans at Washington's suggestion. Then to its dismay Washington advised there was no money available for such work.

Reading told the subcommittee many federal programs are at the root of so many city ills. For instance, FHA programs encourage mass movement of middle income citizens out of core cities into suburbs. Welfare programs perpetuate city ghettos, he said.

Adding another layer

Two relatively new programs which overlay a score of older programs are the poverty program and the federal-states Appalachian regional plan. They are designed to be many things to many people in many ways and at many times. If successful, Administration leaders hope, people might look back someday on the Johnsonian age as they look back on the Jeffersonian and Jacksonian ages.

There is serious question though that they do decrease duplication.

"There will be more duplication before there may be less and we must remember there may never be less," said a Washington veteran who has been dealing with, for and against the federal government for 30 years.

Then there is the trend toward more regional government.

"We know a lot of government workers sit in each other's laps, doing the same job. Regional programs will add another man to the lap. They will be, in effect, another layer of government.

"We know little about regional government. For example, how to handle tri-state water basins or six-state transportation systems?

"This is one reason I foresee more duplication before I can foresee less. Perhaps we should only hope for the best," the official said.

Library subsidized twice

Specific examples of duplication abound. One Congressman came upon this pertinent incident involving the Appalachian program: A \$256,720 grant was made for a branch library in Pittsburgh. The same library also got \$200,000 from

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GOVERNMENT BY TOTEM POLE *continued*

the Federal Library Services Construction Act.

Looking ahead, liberal publications and liberals themselves find new areas of competition, duplication and friction between government agencies. *Reporter* magazine and a variety of Washington-watchers are pointing out that HUD already competes with Interior and other agencies in water matters and urban park land.

HUD may soon have to go to the mat with the Commerce Department and the proposed new Department of Transportation. HUD wants to control federal money going into rapid transit systems. Already it is passing out millions to bolster existing systems and establish new ones. The Commerce De-

partment's transportation section also has a \$90 million project for an East Coast high-speed rail passenger service. The section is likely to be the foundation upon which a new Transportation Department would be built.

And, so it goes: MDTA, Vocational Rehabilitation Act, Vocational Educational Act, Elementary and Secondary Education Act, OEO, HUD, HEW, OMPER, Ag, Interior, Commerce—scrambling for dollars, bumping each other for business.

They and scores of other departments, agencies, programs, plans and projects were created either by Congress acting on its own, under White House pressure or through that misty process by which bureaucrats expand and multiply their jobs, their paper work, their agencies and even multiply themselves.

END

THE TRUTH ABOUT TRUTH-IN-PACKAGING

Congress is not above passing new laws that duplicate statutes already on the books.

A good example is the Administration's so-called truth-in-packaging bill. Since 1961, when packaging and labeling legislation was first proposed in Congress numerous expert witnesses have testified new laws are totally unnecessary.

Take, for instance, a common complaint from packaging critics that information on food containers about the number of servings is sometimes inaccurate. The Federal Trade Commission Act specifically prohibits "unfair or deceptive" label statements about the quantity or number of servings contained in a package. In addition the Federal Food, Drug and Cosmetic Act prohibits "false and misleading" label information about the number of servings.

Another complaint is that sometimes containers are "slack-filled" or shaped to mislead the purchaser as to quantity.

The FTC Act already bars packages that "are appreciably oversized or in containers so shaped as to create the optical illusion of being larger than conventionally shaped containers of equal or greater capacity."

The FDC Act allows the Food and Drug Administration to standardize the fill of food containers and prohibits the sale of food, drugs and cosmetics in containers

"made, formed or filled as to be misleading." Many state laws have similar prohibitions.

Then there is the complaint that net contents are sometimes too hard to see or understand on the package.

The FTC Act requires "facts that the consumer considers material to his decision" to appear "in clear, conspicuous type" on the "front or face panel of the container."

The FDC Act requires labels to state "the quantity of contents in terms of weight, measure or numerical count . . . with such conspicuousness and in such terms as to render it likely to be read and understood by the ordinary individual under customary conditions of purchase and use."

Here, too, many state laws prevent unclear labeling where contents are concerned.

As far back as 1954 the two Federal agencies—FTC and FDA—recognized that their dual authority could lead to "needless duplication of effort." They decided that:

"The FTC should have primary responsibility" to regulate the advertising of food, drugs, devices and cosmetics.

"In the absence of express agreement between the two agencies to the contrary, the Food and Drug Administration will exercise sole jurisdiction over all matters regulating the labeling of foods, drugs, devices and cosmetics."

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BUREAUCRATS CAN'T RUN BUSINESS

continued from page 35

in at ticket windows and loading docks.

The taxpayer, of course, puts up this extra cash. Complaints are so rending that each successive government scurries to find solutions. However, none is in sight. And the continual political groping and policy flip-flopping in itself has become part of the reason for failure.

After nearly 20 years since government take-over of both the railroads and much long-haul trucking, Britain's transportation problems have become so bad that even the most objective description of them sounds exaggerated:

Despite overhanging deficits, the rail unions get annual raises that repeatedly cancel out management's efforts to cut costs and boost efficiency.

Local trains and branch line services are rotting from neglect.

Rail freight service in general is so poor that traffic growth inexorably goes to trucking.

Continual political controversy has alienated public opinion.

Railroad employee morale has been shattered.

How was such a monstrosity created?

Let's go back a few years:

Britain's four major private railroads were nationalized by the Transport Act of 1947 into one nationwide system. Though in run-down condition after nearly six years of War II overloads, the railroads fell victim not to economic stress but to political doctrine.

For half a century, rail take-over had been a major socialization goal of the Labor Party. It rode a wave of public reaction to wartime stringencies to turn out Winston Churchill's Conservatives in 1946.

Labor set out to create a domestic public transport monopoly, bringing under the new British Transport Commission railroads, intercity trucking, much of the U.K.'s port and canal facilities, London commuter services and control over buses. The purpose of this integration of transport was to get goods moved by government order or controlled prices via the best carrier for each job.

This plan never succeeded, though government indeed took over the carriers. And it proved to be a monstrous job. Red tape snarled progress. Capital for essential improvements was withheld as Brit-

ain's economy floundered into repeated crises. Service deteriorated. Shippers began buying their own trucks to move their own products under their own control, thus diverting traffic from public carriers. Railroads began to run up losses.

A try at controlled competition

Then, in 1951, the Conservatives returned to power. They soon posted a new set of transport rules. Integration was now to be replaced by "controlled competition." Two thirds of the nationalized truck fleet was sold off. But since no private investors would have thought of taking over the railroads—considered a "white elephant"—the roads instead were given freedom to reduce prices and negotiate unpublished contracts with shippers in an effort to build up traffic and revenues.

Yet little was done to streamline the rail network and modernize for greater efficiency and better service. It was not until 1955 that the government faced up to the grim facts of 25 years of capital starvation of the rail system. It launched a \$3.3 billion modernization program (later raised to \$4.5 billion amid loud public outcries when it fell far short of its objectives.)

However, the improvement capi-

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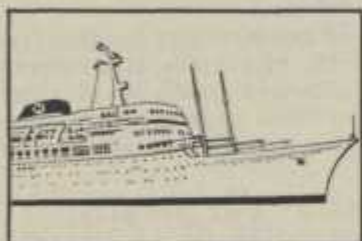


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BUREAUCRATS CAN'T RUN BUSINESS

continued

tal was being spread too thinly over too big a plant.

It finally dawned on the government that first of all, facilities had to be pared and reshaped into a wholly new form to cope with the Twentieth Century environment of many alternative carriers and public demand for faster and more reliable transportation.

This was the vital public service performed under Dr. Richard Beeching, top executive with Imperial Chemicals who was chairman of BTC from 1961 until shortly after still another Labor government was elected in October of 1964.

Now a peer, Lord Beeching in early 1963 published "The Reshaping of British Railways." It was a bold plan for sharply reducing light-traffic lines and little-used stations, consolidating parallel routes and multiple yards, shops, signal boxes and freight sheds. The object was not only to concentrate railroad energies and resources on those areas where trains on tracks could hope to do the best job but also to carry out the Conservative Party injunction to eliminate the chronic BR deficit and put the lines on a self-supporting basis.

The extent of line reduction has become the focal point of rough-and-tumble public and political controversy. And even if this issue could be settled, the British would still face a staggering job of making their railroads run really well. Here's why:

Transport authorities feel that volume is the key to efficient railroad performance. Once this is available as regards freight, the rail competitive edge over trucking then increases with length of haul. But for lighter loads, shorter hauls and specialized movements, trucks have an advantage. Water carriers perform well for bulk hauling on natural or low-cost waterways. Pipelines also handle specialized volume movements well. And for long distances and priority loads, airplanes begin to assert themselves.

On the passenger front, as Lord Beeching aptly put it, "road congestion reduces the distance at which trains can compete with buses and people driving their own cars. And improvements in train service and speeds lengthen the distance at which railroads are competitive with airlines."

Now, relate these comparative carrier advantages to Britain's ge-

ography. Here is a nation of 54 million people—crowded into an area about as big as the states of New York and Pennsylvania, giving a population density of 10 times America's.

While the BR's 15,000 miles of railroad handle an even greater passenger travel than America's 215,000 miles, the freight volume that should represent its profit-making lifeblood has dwindled by one fourth since 1950 and is now but two per cent of the U. S. lines' total.

Beeching further discovered that 3,000 miles (some 20 per cent) of Britain's overlapping, densely duplicating rail routes handle over 85 per cent of the system's total passenger and freight volume. Here indeed was the key to a self-supporting modern railroad system. He finally determined that a rail system of about 9,000 miles would both make money and meet the nation's foreseeable needs for a vastly improved volume freight and passenger service.

This would mean cutting length of rail route in half.

Listing of the planned rail lines and station closures stirred up a storm of protest in virtually every smaller community and brought vitriolic attacks from Members of Parliament. The positive objectives of the reshaping plan were almost buried in the hullabaloo over its proposed cutbacks.

Some 3,000 miles of losing lines have been eliminated over the past five years. And despite a slowdown since Labor's 1964 resumption of power, even the new government has now decided to pare off another 4,000 miles.

Everyone admits BR will continue running up losses. But since the new approach means these evidently cannot be wiped out, they will be shifted.

Labor's White Paper asserts that the government intends to introduce a bookkeeping system under which the railroad "will be relieved of the burden placed on its accounts by any unremunerative but socially necessary services which, with the government's agreement, it continues to maintain."

Morale and changing signals

One of the saddest casualties of political intervention—internal morale—was cited by a surprising cross-section as the nation's Number One railroad problem. Managers seeking to do a good job find themselves hardly started on a course before new signals are called. Worse, they are placed in an impossible squeeze



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BUREAUCRATS CAN'T RUN BUSINESS *continued*

by political administrators above and unions representing employees below.

Few qualified men are willing to put up with this for long. BR's latest annual report publicly pines for "a period of stability during which management and staff can concentrate on the development of the railroad system."

The working force is hardly better off. Indecision over line abandonments has produced a widespread "state of uncertainty" over the future for thousands of railroaders, according to Labor's White Paper. Reorganization has brought heavy employment cutbacks, retraining and resettlement, aided by change-cushioning compensation plans on the one hand but hindered by abrasive labor disputes on the other.

It is remarkable in the circumstances that total rail employment has been cut by 150,000 in five years, to a present 365,000. This process was definitely helped along by the fact that "many workers simply get fed up and leave," as a BR official declared.

Since Labor government leaders often represent the very unions with which the government railroad must negotiate, this can lead to ludicrous complications. Many who bemoan the railways' deficit are frequently found backstage applying pressure to increase it.

BR managers also pull no punches in blaming labor demands for lack of progress in paring the rail deficit. They point out that plant reorganization and efficiency gains, accompanied by sharp staff cuts, brought a reduction in over-all working expenses in 1965 of \$244 million as compared with 1962 operations. But increased unit labor costs chewed up nearly \$200 million of this.

The strangest labor riddle of all, however, centers around BR's dramatic plan for Freightliner services combining short-haul trucking of easily transferable containers with long hauls over rail lines. Now in experimental operation between London and Glasgow, the Freightliners are intended eventually to be extended over most mainline routes, connecting 50 major industry and population centers. Both Conservative and Labor experts agree on the plan's essentiality.

The government now proposes to establish a National Freight Organ-

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BUREAUCRATS CAN'T RUN BUSINESS *continued*

ization initially combining the railways' pick-up-and-delivery vehicles with the 16,300 heavier trucks operating under the Transport Holding Company—the publicly owned largest single trucking unit in the U.K. which, since the Conservative reign in the 1950's, has been run independently and in competition with BR.

NFO trucks would serve as a sort of combination REA Express and freight forwarder service, relieving the railroad of the headaches and losses of using trains for parcels and other small shipments—as well as serving as a direct road-service substitute where rail lines are abandoned.

No one really knows how this generalized proposal would work out in practice, if at all. It is obvious, however, that much waste is inherent in the present situation, and Britain is demonstrably in no shape to afford it.

Meanwhile, the Freightliner trains that are the key to the NFO scheme are having a hard time getting rolling because the leading rail union won't let any privately operated trucks into the road-rail terminals. This dispute poignantly illustrates the U.K.'s problems of restrictive labor practices.

Prime Minister Wilson singled it out and threatened "other action" in his July message to Parliament outlining his economic emergency program.

"Without open terminals, we'll miss out on the big bulk of potential traffic—and the rail problem will get even worse," declared a BR official.

Labor's White Paper also states the Government's intention of studying new license restrictions on truck operations and applying new truck taxes and safety, smoke and noise controls.

Many further fear that NFO heralds an eventual end to free customer choice as to the means of moving freight.

Even shipper-owned private trucks could be severely restricted next if NFO doesn't click—perhaps with a limit on the miles away from home base a private truck could be operated or via special extra taxation.

Thus can one government control lead to another as the economic machinery for competitive action and counteraction is progressively gummed up.

Still untried is the practical alternative to force and stringent controls: competition based on equal cost conditions.

Lesson for America

What can the U. S. learn from Britain's sorrowful transport record? Since this nation still has a chance to avoid transport nationalization (every other national rail system is now government-owned except for half of Canada's), it is vital that we try to read the basic lessons:

1. U. S. railroads are on the right track in merging to reduce costly duplications hanging over from the last century, permit lower prices and promote the freer flow of national traffic.

2. Trains have a real potential for public service in and around our great cities and among urban conglomerations produced by population growth. What has been considered the "albatross" may, indeed, turn out to be the salvation of Britain's railroads as its government encourages development of high-speed through-train services.

3. A U. S. Department of Transportation does not automatically mean better coordination of government policies toward various carriers, as Britain's long experience with a Ministry of Transport proves.

4. The U. S. pattern of tight regulation over common carrier pricing, now almost a matter of history in Europe, becomes increasingly irrational in our competitive, dynamic society—harmful not only to rail performance but also to America's expanding need to get the most from this national asset.

5. Freedom to merge among different forms of transport and offer a combined multi-carrier service could greatly improve for-hire transportation. If British Railways and Road Services had not been so completely divorced under the Conservatives, Labor's new scheme of forcible integration of the two might never have had to be proposed.

6. And, finally, the clearest of all lessons: Politics should not be mixed with business.

Indeed, here is the ultimate curse of nationalization: the wider opening it produces for political tampering with the delicate operation of an economic enterprise. British experience painfully reveals the formula:

Mix politics with economics; stir continually and you get these results: Deteriorating services. Vast losses for taxpayers to shoulder. Broken employee morale. **END**



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LESSONS OF LEADERSHIP

continued from page 49

And then for two decades you were with General Motors Corp.?

Well, there was quite a gap in between.

I got into the automobile industry through Yellow Cab Manufacturing Co. in Chicago. I had become a certified public accountant specializing in factory cost accounting and wage systems, and I had been lecturing evening classes in factory cost accounting at the Walton School of Commerce.

I was a member of the Illinois Manufacturers Cost Assn., a group of young financial executives and controllers of various companies in Chicago. One night it was my turn to give a talk on something new in cost controls. There was present a Mr. Irving Babcock, treasurer of Yellow Cab Manufacturing Co.

A few days later, Mr. Babcock asked me to come to Yellow Cab and head up their accounting. I turned him down because I had visions of having my own company.

Did you go into business for yourself?

Yes, and I carefully selected a partner who was already practicing as a C.P.A. He was to continue specializing in auditing and tax returns, and I was to concentrate on factory cost accounting.

I soon found out I had made the wrong selection of a partner, and just about that time Babcock called me again. I went to work for Yellow Cab Jan. 2, 1923, in charge of accounting.

And Yellow Cab became part of GM?

That's right. In 1925 we merged with General Motors Truck & Coach.

I handled the financial end of the merger and was made controller of the merged company.

After about 18 months, I was made general assistant treasurer of GM in New York. During the Depression, General Motors put me on the board of the newly formed Transcontinental & Western Air, Inc., which they had put some money into.

That was my introduction to the airline business.

Then early in 1933, I put through a merger of General Aviation Corp., a GM subsidiary, and North American Aviation, Inc. It also embraced Eastern Air Lines, Inc., Transcontinental & Western Air and Western Air Express Corp.,

which is now Western Air Lines, Inc.

General Motors asked me who was going to run it, and I said, "Well, I'll do it."

They agreed and I went in as president of North American Aviation—but not for long. A year later came the cancellation of airmail contracts by Mr. Roosevelt and Mr. Farley and my house of cards fell around my feet.

Congress passed a law which forced us to sell our interest in TWA and Western Air because we didn't own them a hundred per cent. We merged Eastern with North American Aviation, but a few years later we sold Eastern. After the cancellation of airmail contracts, I decided I'd rather be in manufacturing than air transportation.

I persuaded Mr. James H. Kindelberger, chief engineer of Douglas Aircraft Co., to come with me and head up our manufacturing. That was the beginning of the present North American Aviation, Inc., a manufacturing company. We moved 72 men in 1935 from a little factory in Baltimore to Los Angeles and started work. During World War II North American had over 100,000 people on the payroll, and is one of the top three in the space age business today.

And then?

In 1935, I moved back with General Motors and understudied one of their retiring vice presidents of operations.

In 1937, they threw Bendix Aviation Corp. at me. It was a company that needed reorganizing, so I did it.

With the threat of war coming along, Bendix's business grew so rapidly that the board members persuaded me to stay. I was made president of Bendix on my forty-fifth birthday, Feb. 24, 1942. I remained in that job all during the war, until June 30, 1946.

Then I went with Ford Motor Co.

What attracted you to Ford?

Henry Ford II.

How did he do it?

I turned him down at first, you know, as graciously as I could. But after going out there on several trips to try to give him advice and help him out, I got more and more involved, until finally I thought, "I'll hate myself if I don't accept this challenge."

Remember, I was pretty well

fixed. In Bendix I had a fine company that I was president of. I was on the board of directors, we were making good money, we didn't have any problems, except the liquidation of war contracts and converting to peacetime production, and the outlook was promising.

But I decided to go to Ford. I told my wife about Henry Ford II: "Here's a young man only one year older than our oldest son. He needs help; this is a great challenge that if I don't accept I shall always regret."

In what condition was Ford when you and your new management team went to work in 1946?

When we took over, we found ourselves short on everything but determination. The company faced the postwar markets with run-down plants, obsolete products, almost nonexistent financial control, an inadequate engineering staff and just sufficient cash to meet daily operating requirements. As we looked to the future, we saw we wouldn't be able to last when the competitive market returned unless we remade ourselves completely into a strong, modern, going concern.

What did it take to rejuvenate Ford?

That question can't be answered simply. We had to attack every facet of the business. First, we had to get a real engineering department and design what we felt would be really competitive products. We had to establish good financial controls, because Ford Motor had a country store book-keeping system.

We had to consider long-range plans for adequate facilities because our plants were obsolete. We saw only one answer to this, and it was to get profitable again and put our cash flow into new facilities.

That took some time. In fact, it's still going on, but now it's expansion instead of modernization.

You had to build a whole new management team. What qualities did you look for in these men?

First, men who I knew had experience and who I knew would be good leaders. I remarked many times over the years about the need for managers to be leaders, not just bosses—men who can inspire others.

I made the remark in my first speech at Ford Motor Co.

"The role of management always calls for two qualities above everything else: For one, the manager

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LESSONS OF LEADERSHIP *continued*

must be realistic; he must be a practical man. What he does must add up. But something else is equally important. He must be a man of vision, he must be going someplace, he must have a goal."

And I would put this in italics, "And others must be made to see his goal and share his eager desire to get there."

How do you attract and keep such people?

First by seeing that they have a happy atmosphere in which to work. The team members must see that they are important cogs in the machine, and I don't mean just the top fellows. If it's an airline business, you have to instill this same spirit all the way down to your maintenance men, who have responsibility for safety of the planes. You have to instill it in your flight crews and in your stewardesses that this is their company.

They must be made to feel a part of the company, feel a personal interest in it. They must not regard their work as just a job that pays them a wage or salary.

What were your personal plans for the future when you resigned as board chairman of Ford in 1960?

I hadn't quite made up my mind. I knew I wasn't going to be idle. I thought I would do just about as I have done, with the exception that I have devoted a lot more time to Trans World Airlines than I expected to give one company.

Oh, I thought I would serve on a few boards of directors that I had occasionally been asked to go on and had said, "No." I thought I would improve my golf game; I thought I would do a little fishing; I thought I would interest myself more in public affairs. I thought I would make a few less speeches, but more broad-gauged ones that I had been asked to make from time to time. But I thought I'd get away from having to punch a time clock, so to speak—take it a little easier.

But instead you became a very active trustee of an ailing Trans World Airlines?

Yes, I did, and I found out before long I had to run it.

When did you become board chairman?

In April, 1961.

Was TWA close to bankruptcy?

Well, I remember a meeting of the board in September, 1961, at St. Louis. I have always thought of it as Black Wednesday, because on that day it just didn't look to me as if we could save that airline.

The financial forecasts we had developed—our cash requirements forecast and profit and loss forecast—were miserable.

Here again you had to build a new management team, didn't you? Did you do it the same way as at Ford?

Much the same way. The pattern is the same.

You've long felt that managers should share in the profits of a company, haven't you? I mean through supplemental compensation and stock options.

Very much so. When I was a voting trustee of TWA, there was a man the company needed very badly who was about to take a job with a competing airline.

I was asked to talk with him, so I asked the lawyers whether or not voting trustees had the power to enact a stock option plan, an employees stock-purchase plan, supplemental compensation plans, incentive plans to reward people. After due delay, the lawyers said we could do that.

So when this fellow came to see me, I told him what we had done at Ford, how we had all these various incentive plans for our people, and how, if the company made good, they were rewarded.

I said, "You have been here all these years under adverse circumstances. Now, just when we get a chance to run this company like a publicly-held company with good management practices, you're about to leave."

This pitch took about an hour. Then he got up and said, "I'm staying."

Do you know who that man is?

No.

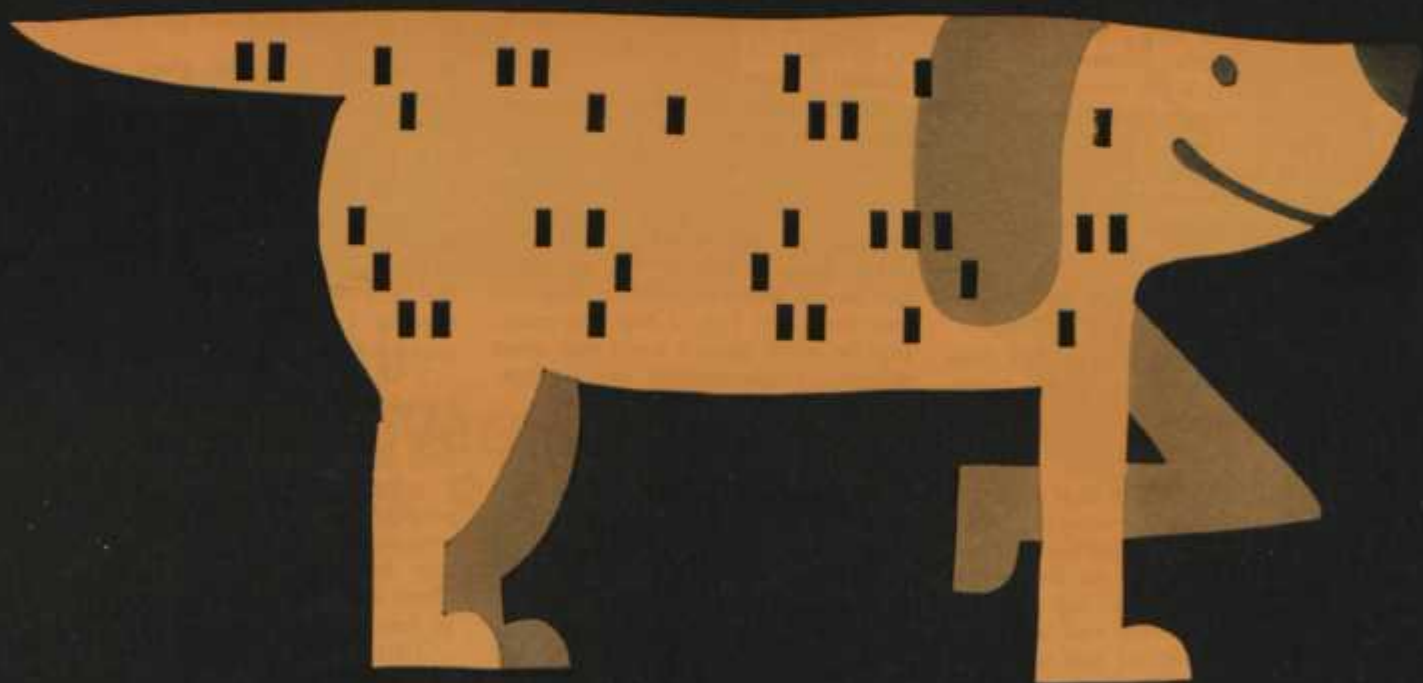
He's Floyd Hall, president of Eastern Air Lines. He did such a good job here that Eastern offered him such an attractive deal that I reluctantly agreed, "Floyd, you can't turn this down. You have arrived."

Are management techniques interchangeable from company to company?

The answer is simple, yes.

In manufacturing, you must first have a good product. From then on it's good men that count. Ma-

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LESSONS OF LEADERSHIP *continued*

chines are nothing without men, competent management men and competent men to run the machines and competent men to design your product and lay out your factories and get good manufacturing processes.

An airline is a service industry, but the same rules apply. You have got to have the proper product, and the proper product is primarily competitive equipment.

We didn't have that at TWA in 1961. We were short of jets. We didn't have the money to buy new ones, so we persuaded the lenders to double their ante.

I told them, "You have got bad money in here now. You have got to put some good money after bad money. There's no question about it, or this thing cannot be saved."

They did, and I think that was the one big gamble by them and by the management that turned this airline around. That was the big one.

Was restoring corporate and public confidence in TWA a big problem?

It was a major problem. My files are filled with letters which prove that.

How did you do it?

I think one thing that went a long way toward restoring that confidence was the caliber of men we were able to get on the board of directors, and as top officers. The public relations and advertising program that we put on to let everyone know this was a new TWA did its part in creating a new public image for TWA, a very necessary thing.

Our president, Charles Tillinghast, started holding meetings around the country, and I attended many of them, selling the new TWA to VIP's as well as to our employees. At these we both talked and instilled into the organization and our guests this new spirit of service, so that the public was bound to get it. Not shopworn service, but a real, voluntary service that they felt was—well, from the heart.

What is the outlook for TWA now?

Excellent.

Both passenger and cargo?

Everything. It's a real going industry, and TWA is a real going company. In 1965 TWA ranked

No. 1 in net profits after taxes of all U.S. air transportation companies, and No. 2 in revenue.

Mr. Breech, both the auto and the air transportation industries are regarded as having long lead times. How do you foresee future tastes and needs?

We just have to make our best guesstimate—guesstimate, not estimate—based, of course, on some pretty scientific principles.

We have a planning department at TWA, for example. It's a real staff of experts whose sole job is to forecast this, and they do a magnificent job.

What personal qualities do you think have had the most to do with your success?

That's a tough one. You know, it's pretty hard for a man to judge himself.

But I think the most important thing is to know what you're doing, through education and experience. I think another vital thing is to select the best men you can to participate in the management. Beyond that, I believe it's essential for every man to realize that no one man can run a big company, that he must have a team and must delegate responsibility and authority.

Another thing, one must communicate his ideas and plans to all levels of management—let them know what you are doing and why you are doing it. You hear all kinds of criticism if people do not know why you are following certain plans and policies.

At Ford, we kept a record of the first speech I made to the management group and sent it out to all of our factories so that all the members of management would know what we were setting out to do, how we proposed to do it and why.

You should encourage ideas. A good manager milks the minds of his entire organization for the best ideas.

There has been much criticism of so-called committee management. Well, General Motors has committee management and it has always done pretty well. We had committee management at Ford. We have committee management at TWA.

By committee management I mean that groups of men, the best suited to analyze a problem, are gotten together. They go through that problem and analyze it. It may take an hour, it may take days, it may take weeks, until finally,

when all pros and cons are on the table, an intelligent decision can be made.

When one approaches problems in this manner, by sharing them with an entire staff or top staff and they contribute their ideas, I find one generally doesn't make many mistakes. One-man rule is a bad thing in any company.

Take the hourly rated workman, not a member of management. Many a man running a machine or on the assembly line comes up with wonderful suggestions as how to improve manufacturing methods and cut costs. That's why companies have suggestion incentive plans, and they're very rewarding for good ideas.

This again is a source of communication between top management and people down the line.

Mr. Breech, what has given you the greatest satisfaction in your business career?

If I were to go back to anything, I would have to say that the greatest satisfaction I've had was receiving a letter from the University of Illinois telling me I had passed the C.P.A. examination with the highest grade. That was my first success.

I think that was probably the happiest day of my life, business-wise. I took the exam against boys who had gone to the universities. I went to night school but then switched over to a correspondence course, where I could do a lesson a day instead of a lesson a week. That way, I completed the course in less than half the normal time.

Just after the exam I heard some fellows from the larger universities, Illinois, Northwestern and Chicago, say how they had answered certain questions. It just happened I hadn't answered them that way, and I was worried.

So the day that I received that letter saying I had passed with the highest grade, I think that was probably, well, the happiest day of my business career. And I have had many a happy day since then.

Outside of business, my greatest personal satisfaction is having two sons who have turned out to be excellent businessmen and leaders in community and civic affairs.

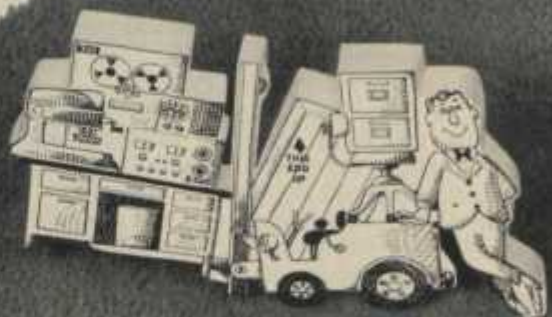
Is there any one of the many business decisions you have had to make that stands out as the most difficult?

Yes.

Which one?

In August, 1946, I had called a

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LESSONS OF LEADERSHIP *continued*

meeting of the policy committee of Ford Motor Co.—its top executives—to determine what we were going to do about a postwar car.

We had all kinds of suggestions about taking the prewar car, giving it a face-lift, and calling it a postwar car.

We had heard rumors that General Motors and Chrysler had all new cars they had rushed through, and we knew Studebaker had one.

We talked all day about what could be done, because, you must remember, we had a very limited engineering staff at that time.

After discussing pros and cons and reaching no decision on where we stood or what we should do, I said, "We're tired. Let's go home, try to get this off our mind and come back refreshed in the morning."

I said a silent prayer on the way home, "Let us make the right decision on this."

The next morning it just came to me out of the clear blue sky about halfway to work. "We cannot do anything but start all over again. If we are two years late bringing out a postwar car, we must do it; it must be an all-new car, because we are an all-new organization and the public is going to judge us on our first postwar car. Our new car, this whole management team, the new Ford Motor Co. is going to be judged on that basis. We must start over again, no matter how long it takes us."

So we reconvened at 9 o'clock, and I said, "Well, fellows, I don't want to sway your minds, but I want to make a proposal."

I stated my thought just as I have to you, and to the man they cheered. They said, "You're right."

"Now," I said, "let's see how long it will take us to do it." So we set up a time chart on the wall right then and there.

We came up with 14 months as the minimum time. And then we went to work.

That decision was the toughest I have ever faced in industry. It turned out to be the right one.

If you had an opportunity to retrace your steps, is there anything you would do differently?

I'm certainly far from perfect. Altogether, though, I have been a very fortunate fellow and I'm very thankful for the wonderful life I

have had. It has been marvelous.

I don't have many regrets, but there is always something one could have done better. After a busy business day, a man has the evening when he closes his eyes and lies in bed and thinks, "Well, what did I do wrong today?"

I try very hard never to embarrass a fellow in front of other people. There have been times that I have done it, but the next day I've tried to smooth it over.

You should never knowingly embarrass a fellow in front of his associates, even when he's wrong. You can say, "Well, I don't agree with you," and you can soften it by saying—"but like Voltaire, I'll fight to the dying day for your right to say or think what you wish." That's a loose interpretation of Voltaire.

How do you relax?

I know how to have fun. I think too many people take themselves too seriously. They try to be the big business executive even when they play. I think that's a mistake.

I think you have just got to be yourself and let people judge you on being yourself and have a good time.

It's been said that I'm a raconteur. Well, I don't mind telling good stories at parties and being a ham actor. I have fun doing these things—playing a one-man band, a pogo stick band, or playing at my banjo, which I play terribly, or playing golf.

I don't take golf seriously. I have played pretty good golf, but I don't go out—the way a pro does—to try to win the National Open. I try to win. I'm a good competitor, but I play golf for fun, for exercise and for the association—not for the money I'm going to win that day.

I don't take myself too seriously. If I did, my wife would soon get me over it.

Aside from personal abilities, what do you think has made it possible for you to attain the successes you have?

The answer to that was the subject of a speech I made, entitled "America's Secret Weapon." I received a Freedom Foundation Award for it. I talked about American management, and about a thing that I think gives every man an opportunity to become a good business leader, let's say a successful business leader:

"The significant fact is that there are millions of competent

business and industrial managers in this country who developed under our system of free competitive enterprise. They are the product of the great force which distinguishes our nation from virtually all others—the scope of our human freedom.

"Millions of Americans fired by opportunity and the chance to better themselves and their families join in the national 'popularity contest,' so to speak, which we call competition, producing goods and services with the ever present goal of making better and better products at lower and lower costs, so that more and more people could have them.

"The truth of the matter is that our greatest asset today is still that freedom which all of us have, our freedom to experiment and learn through our own mistakes in business, just as a man can experiment and learn in the field of chemistry, physics or any other science. What the scientist calls an experiment we call an enterprise."

Mr. Breech, are you concerned that this freedom might be in danger?

I'm worried. I'm worried when I hear the automobile industry wrongfully accused of designing unsafe cars.

No government official can design the automobile of the future for this country. And when we kill the free competitive system—the right to design a car any way you want to design it—well, irreparable harm is done. If, under our free enterprise system, you design a car wrong and someone else designs a better or a safer one, you will not sell your car.

I'm sure the automobile industry, every engineer, every product planner will have uppermost in his mind from now on, "How can I make this car safer?"

But to be told by the Secretary of Commerce, who is going to be fed advice and counsel by everyone who selfishly has a bone to pick, trying to get him to incorporate this and that in the design of an automobile, could be a very damaging thing to the automobile industry and, therefore, to our entire economy. **END**

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Congress' doctor prescribes:

How to stay healthy under pressure

Nation's Business interview with George W. Calver, M.D.

You live under the highest pressure ever these days. Dr. George W. Calver, the family doctor to Congress, is sure of that. But he thinks people are better able to deal with tension than ever before.

As the Capitol doctor for 38 years—the only one Congress has ever had—he is in a unique position to observe the health patterns of people from all sections of the country, decision-makers under pressure.

He tends to the medical needs of the members of Congress in a small office and miniature hospital on the ground floor of the Capitol.

Helping him are two other physicians and a battery of nurses.

What can you learn from the advice he gives the lawmakers?

What is the most important health problem on Capitol Hill? How does he assess the tensions Congressmen live with today? What does he advise them

to do about stress? How can weight be controlled?

These and other questions are answered in this NATION'S BUSINESS interview.

Dr. Calver, you care for many important and busy men. What can all busy people do to guard against health deterioration?

I think the most important thing to guard against is over-fatigue. Unfortunately, a good many Washington socialites like to entertain members of the House and Senate and in so doing they keep them up pretty late.

It is not unusual for some of our men to get here at 6:30 or 7:00 in the morning and have their whole office force on hand by 7:30 to 8:00. They have to do that because committee meetings start at 10:00.

A man's committees take his time until noon and the houses meet in the afternoon. If he has some constituents around, he frequently has to go to lunch with them.

So, time is pretty well circumscribed and men don't have much chance for freedom except as it may fit into the events of the afternoon.

We like to get men to go to the gym in the afternoon to play paddle ball or any other games or exercise that they care to indulge in or to use the swimming pool.

Is one time of the day any better than another for exercise?

I don't believe so, because you have to use your opportunity as you get it.

How much time do you think should be spent exercising?

Roughly an hour a day.

If you are playing very brisk and strenuous games,

In 38 years of service in his tiny Capitol office, Dr. Calver has nursed the ailments of thousands of members. Exercise and moderation, he says, helps them overcome daily tension and stretch work day.



If decimals mean anything to you, it's pointless to use anything but Marchant calculators.

These three Marchant® Calculators are the most decimal-minded machines in their class you can buy. Cogito™, for example, is the new electronic calculator with more accuracy and capacity than any other. The fully automatic decimal system is completely accurate and can handle computations involving two twelve-digit numbers, presenting the twenty-four most significant digits as the answer. And you get a decimal capacity of over a hundred places in the product register.

The Marchant Transmatic® 416-S, with its exclusive half-cent round-off, automatically rounds off your answers to the nearest tenth, hundredth or thousandth. It's actually three fast-figuring machines combined in one—a high-speed rotary calculator with two complete, ten-key, credit-balance adding machines—that automatically prints decimals in the factors and result of all operations.

The new Marchant Two-Step™ multiplies in just two steps—not three or four. Enter the multiplicand, put in

the multiplier, and you get your answer. No need to clear or worry about decimals because the Two-Step automatically simplifies each operation.

Decide for yourself which Marchant Calculator can do the best job keeping your decimals in their place. Mail the coupon and get all the details for a very pointed comparison with other calculators you may have tried. No obligation, of course.

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Top left: The Marchant Two-Step.
Left: The Marchant Transmatic 416-S
Right: The Cogito 240 SR.

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HOW TO STAY HEALTHY *continued*

when you get through, you would want, more than likely, to go down and take a splash in the pool, a shower and dress. That would take your hour.

Were there any gymnasiums here when you came to Capitol Hill in 1928?

When I came here, we had two exercise rooms in the basement of the old Cannon House Office Building. They were devoid of showers or toilets or anything else. The men used to get in there and throw a medicine ball around. They had one ping-pong table that they used and that was about all.

And when a man got through exercising, no matter how sweaty he had gotten, there was no place to

take a bath or change his clothes. So they were a little bit careful about these strenuous exercises which they took.

When the Longworth House Office Building was built, we had our first real gymnasium with lockers and showers.

Now we have a gym for House members in the new Rayburn Building and for Senators in the Old Senate Office Building. There are swimming pools, too.

You are an advocate of swimming as a good form of exercise?

Swimming is an excellent form of exercise and I believe if a man can swim half an hour a day, he gets as much exercise as he would if he walked an hour a day. The exercise is more complete.

I believe you have a very good example at the White House. President Johnson has two swimming

periods, one in the morning and one in the afternoon. He gets not only a break in the pressure twice a day, but he gets a chance for a little freedom and to be more at ease.

Did President Johnson swim a lot when he was on the Hill?

When he was in the Senate, he used the pool there.

You said a good many Congressmen come in early and stay late. Would you say that exercise enables one to work more hours a day?

By having the exercise best suited to you and keeping yourself in physical shape, you can work much longer and more efficiently.

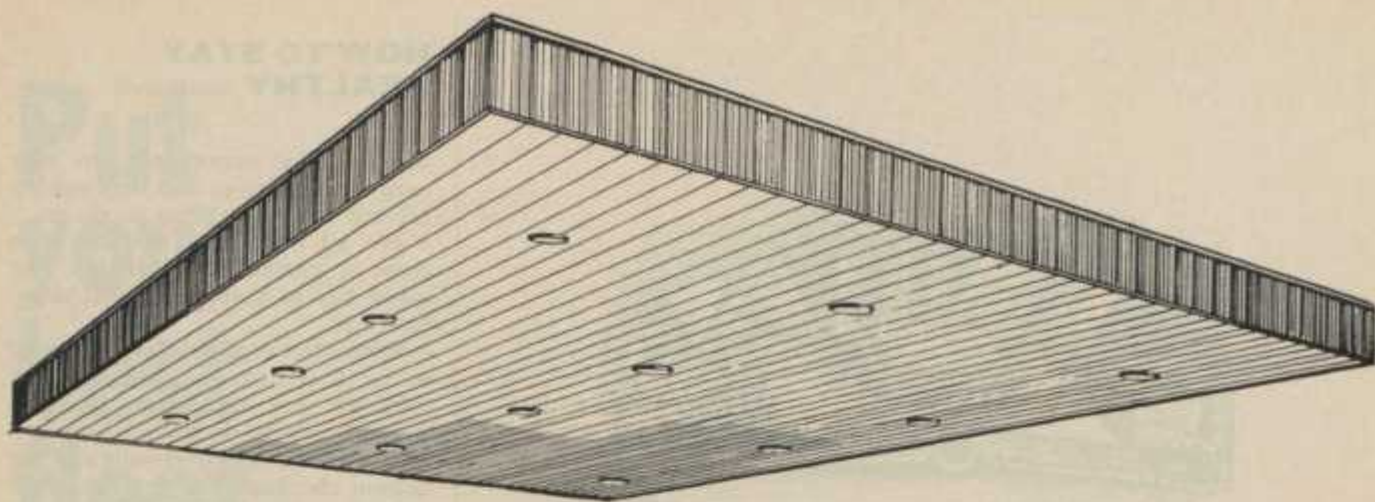
You can stretch the day without harm to yourself.

All in all, how would you assess the state of Congress' health today?

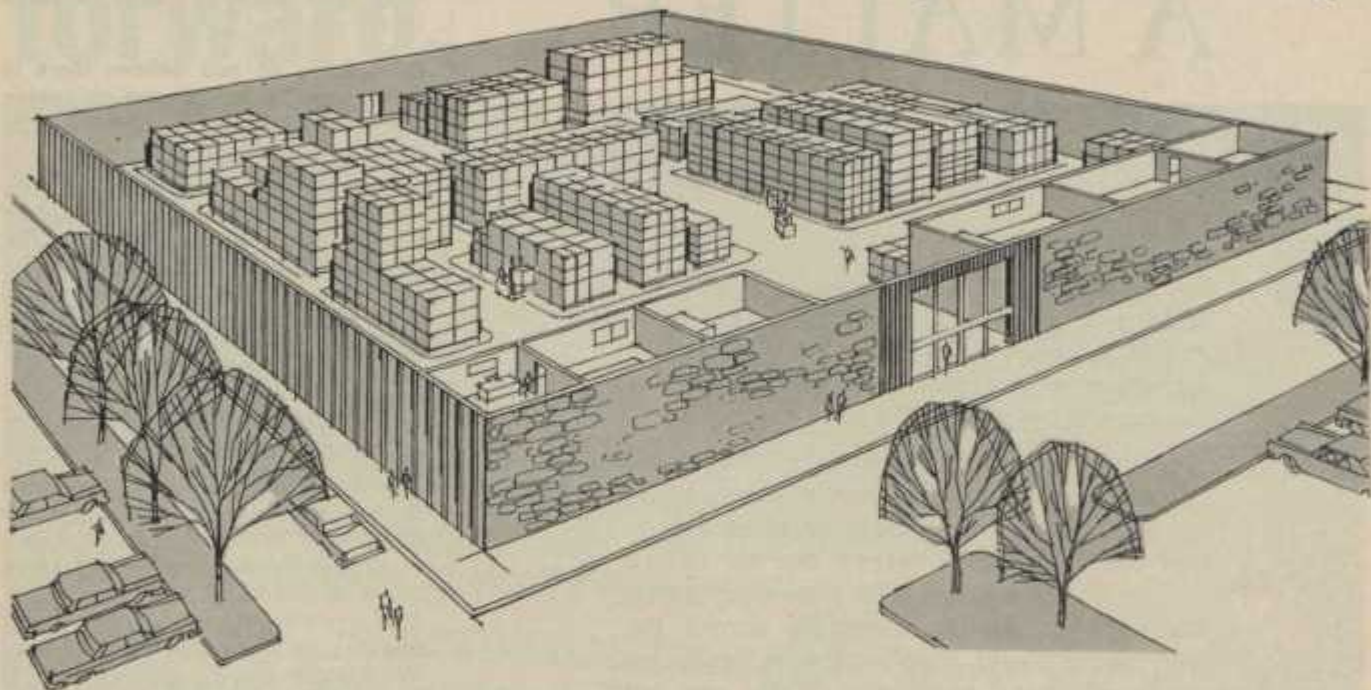
I think Congressmen have infi-

As the "family doctor" to Congress, Dr. Calver is nearly always on hand in the Capitol building while lawmakers are in session. Here he boards subway to new House office building amid hustling Congressmen.





should this unique roof system be on your new building?



Yes . . . if you want clear span construction, a more maintenance-free roof and a totally enclosed ceiling.

With Behlen's revolutionary stressed skin design, your new building can have a clear span up to 300' . . . at a cost that makes it practical.

The secret is the roof system—called the Behlen Dubl-Panl. It is composed of a separate roof and ceiling "skin", connected by a light-weight strut system. The bolted steel roof is weather-tight and nearly maintenance-free. No built-up decking. The bolted steel panels on the

bottom form an enclosed ceiling, easy to insulate and so strong you can walk on it.

Here's a neat, clean, economical way to put up almost any type of building. It gives you more clear span space, a finished roof and ceiling, and greater flexibility of design . . . a combination that offers you a lot more for your building dollar. Write today for complete facts about a Behlen roof or walls.



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MANUFACTURING COMPANY
Columbus, Nebraska

Building Division, Dept. NB-5
Behlen Mfg. Company, Columbus, Nebraska

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☐ Public Assembly Bldg. ☐ Have Sales Engineer
call for Appointment

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Firm

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A MATTER OF RECORD

Today, thousands of communities of all sizes feel the influence of a chamber of commerce . . . of business men and women teamed up for volunteer action in the interests of their community.

The growth and effectiveness of the chamber of commerce movement in America are little known by many people, even though they are a matter of record. But the record is far from complete. New pages are being added every day as chambers across the land demonstrate their ability to work for the good of the entire community and not for the improvement of business alone. Besides meeting local needs, chambers have contributed importantly to our national well being.

More than any other organization, a chamber of commerce provides the mechanism for keeping pace with neighboring communities—and with the nation. Stand with your community—support your chamber.



PETE PROGRESS

Speaking for the local chamber of commerce in your community

HOW TO STAY HEALTHY *continued*

nitely better opportunity to take care of themselves and they are receiving more prodding to do so.

We all try to see that the man gives a certain part of his day every day to keeping himself physically fit.

Preventive medicine has advanced so far that there are many things that we can do today that we weren't able to do some years ago. Now with the improvements and the annual checkups we give the members we are able to teach them better habits of taking care of themselves and doing the things that they need to do in order to do a better job.

Dr. Calver, do you believe there is greater stress and tension on people today than there was when you first came to Washington?

Undoubtedly, because the population a Congressman represents has been considerably increased in the past 30-odd years. As you have an increase in the number of people you represent, you have an increase in mail, you have to increase your office staff.

Is stress and strain resulting from tension your main problem?

I think the pressures that men are subjected to in public life are our main problem. Your ability to rise above them and throw them off by some diversion or some relaxation gives the answer to your ability to carry on under the conditions of Washington life.

Just how do you help Congressmen put tension out of their minds?

Chiefly, by talking over their troubles with them, advising them as to what to do and how to take care of things; especially, advising them not to take their troubles to bed with them. That is the worst thing a man can do.

What can an individual do to unwind?

That is difficult to answer because the environment and the psychological makeup of the individual have a good deal to do with it.

It is a very good thing to have some place where you can go and let off steam. That is what Congressmen do when they come here and tell us about their troubles; they let off the pent-up ideas which they have accumulated.

I have a pet phrase, "the hygiene of a quiet mind." By that I mean

Put your best fleet forward.



'67 Dodge Coronet

Take a step forward into Dodge Coronet. This is the company car that has all the right measurements to keep businessmen comfortable, relaxed, and ready to go. As for building a good company image, you've got it made with Coronet's good looks. And Coronet's eager engine (either Six or V8) gets you to meetings without taking it out on the

gas tank. Now, if you're concerned with colors (like red and black), Coronet also looks good on the ledger. So to put your fleet in great shape for '67, make your fleet choice Coronet... better-looking to make your company look even better. See your Dodge Dealer and check into Dodge Coronet soon. He'll get you started on the right foot.

DODGE DIVISION



CHRYSLER
MOTORS CORPORATION



Low-priced time clock helps small companies meet strict wage-hour law requirements

Accurate time records and proof of compliance are mandatory for all companies subject to the wage-hour law. More and more companies are finding it pays to avoid wage-hour trouble with clock-stamped payroll time records. A bonus benefit is that resulting employee respect for time discipline shows up in increased production!

Lathem leads the field with a deluxe, fast-operating top-inserting time recorder that provides error-free two-column payroll accounting for straight time and overtime. And Lathem makes time clocks feasible for companies with as few as three employees with low-priced side-printing models which may be used for job time as well as payroll time.

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Please send me complete information and prices, also payroll time card samples.

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Company _____

Address _____

Lathem

TIME RECORDERS
PROGRAM TIMERS
TIME STAMPS
WATCHMAN CLOCKS

HOW TO STAY HEALTHY *continued*

that a man does not try to change everything, to do everything over, that he adapts himself to the situation as best he can.

You should not anticipate trouble, not build up a nightmare for yourself before anything can happen. And the members of Congress have learned by experience to be more philosophical and to take things as they come.

There is no need of anticipating trouble that you cannot control or cannot avoid.

Do you think that people living today in an atmosphere of greater stress deal with strain better than their fathers and grandfathers did?

Yes, I think they do.

What can you tell us about psychosomatic problems, Doctor Calver?

I don't believe a thoroughly healthy individual has any psychosomatic problems. I think Bobby Burns said, "Oh wad some power the giftie gie us to see oursels as others see us! I' wad frae monie a blunder free us, An' foolish notion."

The value of the mind is dependent a great deal upon the efficiency of the physical machine and, if the physical machine is not in good working order, we cannot expect the mind to be perfect.

A person's mind works better under conditions where his body is healthy?

Yes, more acutely. He is able to make a quicker response, and when a man is debating on the floor of the House or the Senate, he doesn't have time to stop and think over some answers to a question that has come up. He has to fire back an answer immediately.

And your ability to engage in the rough-and-tumble debate is quite dependent upon the acuity of your thought and the excellence of your physical background.

You mentioned exercise and avoiding fatigue as good health habits. What else do you think is foremost in importance in dealing with tension?

One very necessary thing for a man to learn is weight control by having the proper diet.

How would you describe a proper diet?

A diet has to be tailor-made to the individual.

Each man presents a problem in himself. He comes from one sec-

tion of the country where he eats certain things to which he is accustomed. He has been brought up on it. The problem is one of correcting the discrepancies so that a man's body is brought down to what would be called a normal balanced metabolism.

How else do you manage weight control?

A flabby individual who comes in the office who has never had any exercise, who has been what we might call a student type, who has been delving into books and studying all the time, that is the kind of a person that I particularly like to get over into the gymnasium and get to use himself physically.

I recently took 107 pounds off one individual by putting him on a diet and getting him into physical shape so he has become more active. He is one of the happiest men I know on the Hill and is really a very enjoyable person to converse with.

How much does he weigh now?

About 220.

Will he need to lose more?

Well, I don't think I can take very much more off him. I have to have some charity.

How fast can you take off that much weight?

I believe in doing it slowly.

How fast should you lose weight? Ten pounds a month?


No, you can't make any fixed rule. It has to be cut to the individual and to his personality pattern.

Does high blood pressure seem to be related to weight?

High blood pressure is distinctly related to nervous tension, the pressures to which the individual is subjected. There again, the question of the hygiene of the quiet mind comes in and not having a man anticipate all of his troubles before they actually occur.

It is a hard thing to do. It is a hard lesson to learn for some men who have been very active and very efficient in their occupations before they came here. The business of being a Congressman is a little bit different in some ways from most other occupations and a man has to form new habits when he comes here.

Every time we have a bunch of new members, there will be some who will be two-year men, who will get out, who won't run for the

A man in a dark suit and tie is shown from the chest up, smiling. He is holding a large, dark-colored bag filled with numerous small, colorful flags from various countries. The flags are visible through a transparent section of the bag. He is also holding a pair of glasses in his right hand.

Your neighborhood Continental agent.
He can insure your company in almost any
neighborhood in the world.

Good old reliable Andy Smith.

He's been handling your business insurance ever since you started. (Remember when you had more nerve and ambition than anything else?)

Now, besides your original hometown plant, you have a few more in other parts of the United States, and you're spreading out overseas.

Is that the end of Andy Smith?

No sir!

He's a Continental agent. He can insure your business here and almost anywhere else in the world.

And, he can work it out so that one premium

covers everything. Which cuts down the paperwork and administrative mish-mash that comes with too many agents, underwriters, policies, premiums, languages, countries, laws and quaint little customs that can sour the sweetest deals.

And very often, Andy Smith can save you money by giving you the choice of paying premiums and collecting claims in U.S. dollars or foreign currencies.

Whatever you've got going for you overseas, call your local Andy Smith.

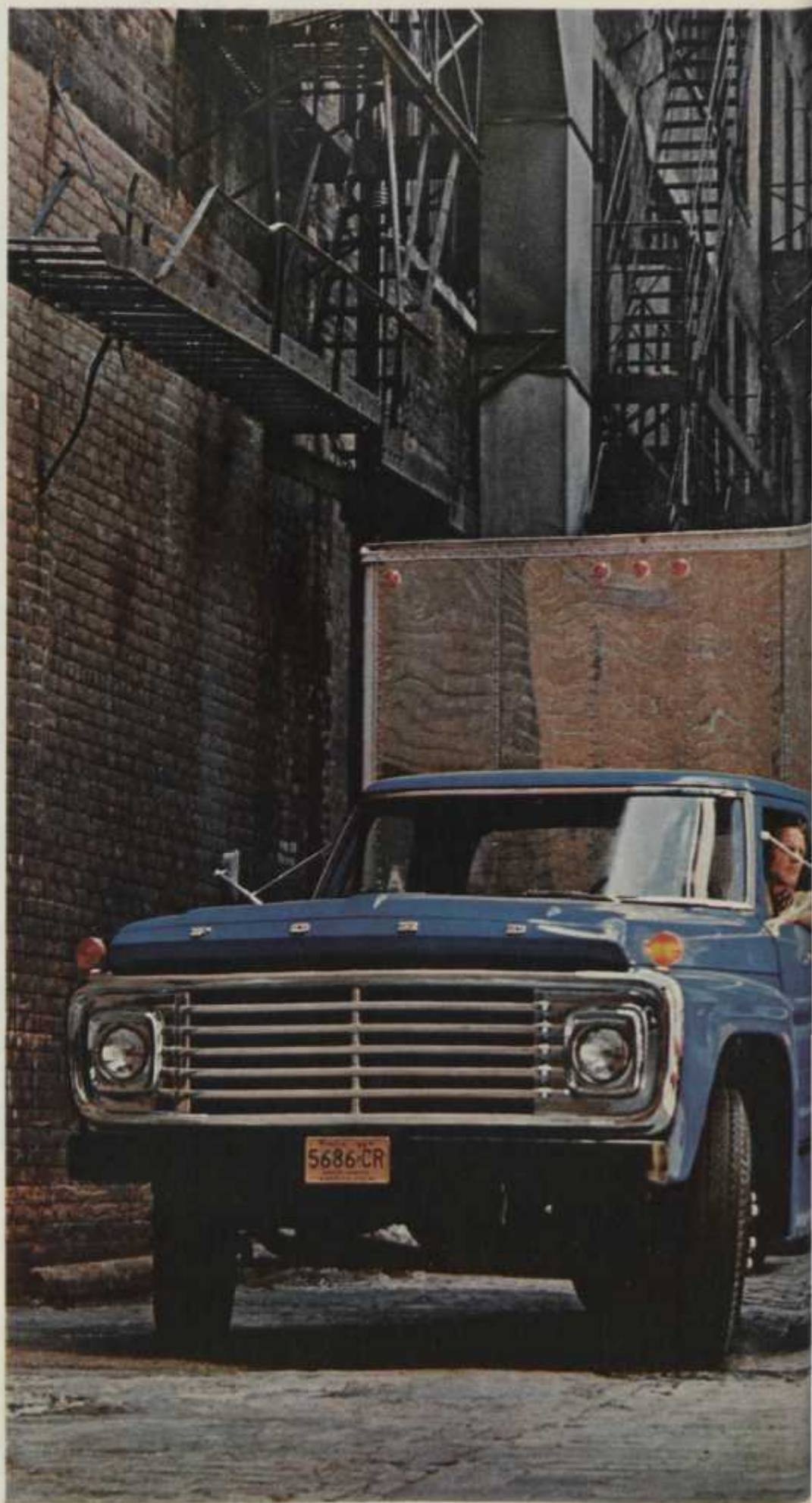
He's listed in your neighborhood Yellow Pages under Continental Insurance.




**The
Continental
Insurance
Companies**

HOME OFFICES:
60 MADISON AVE., N.Y., N.Y.,
10 PARK PL., NEWARK, N.J.

New Ford
Medium-
Heavies
save you
money at
every turn





New savings all around:
New frames—greater durability.
New cabs—more driver comfort.
New service accessibility—
new maintenance savings.
New "short cab" maneuverability
in a full-cab truck!

From new stronger frames up, new Ford Medium-Heavies are built with one aim: to cut your hauling costs.

New wide-track design lets front wheels turn sharper, cuts maneuvering time and effort. In fact, these new full-cab Fords can turn in less space than some competitive short-cab trucks!

Point is, Ford achieves this time-saving maneuverability without compromising cab room or servicing ease. Ford's new cab is more spa-

cious in every dimension, equipped in every respect for professional drivers. Under the broad hood, servicing is swift and easy. And, from new 6,000-mile chassis lubrication interval to new transistorized turn-signal flasher, service needs are lower than ever.

How about you? Looking for all-around saving in trucks to 25,500-lb. GVW...tractors to 50,000-lb. GCW? Turn to new Ford Medium-Heavies!

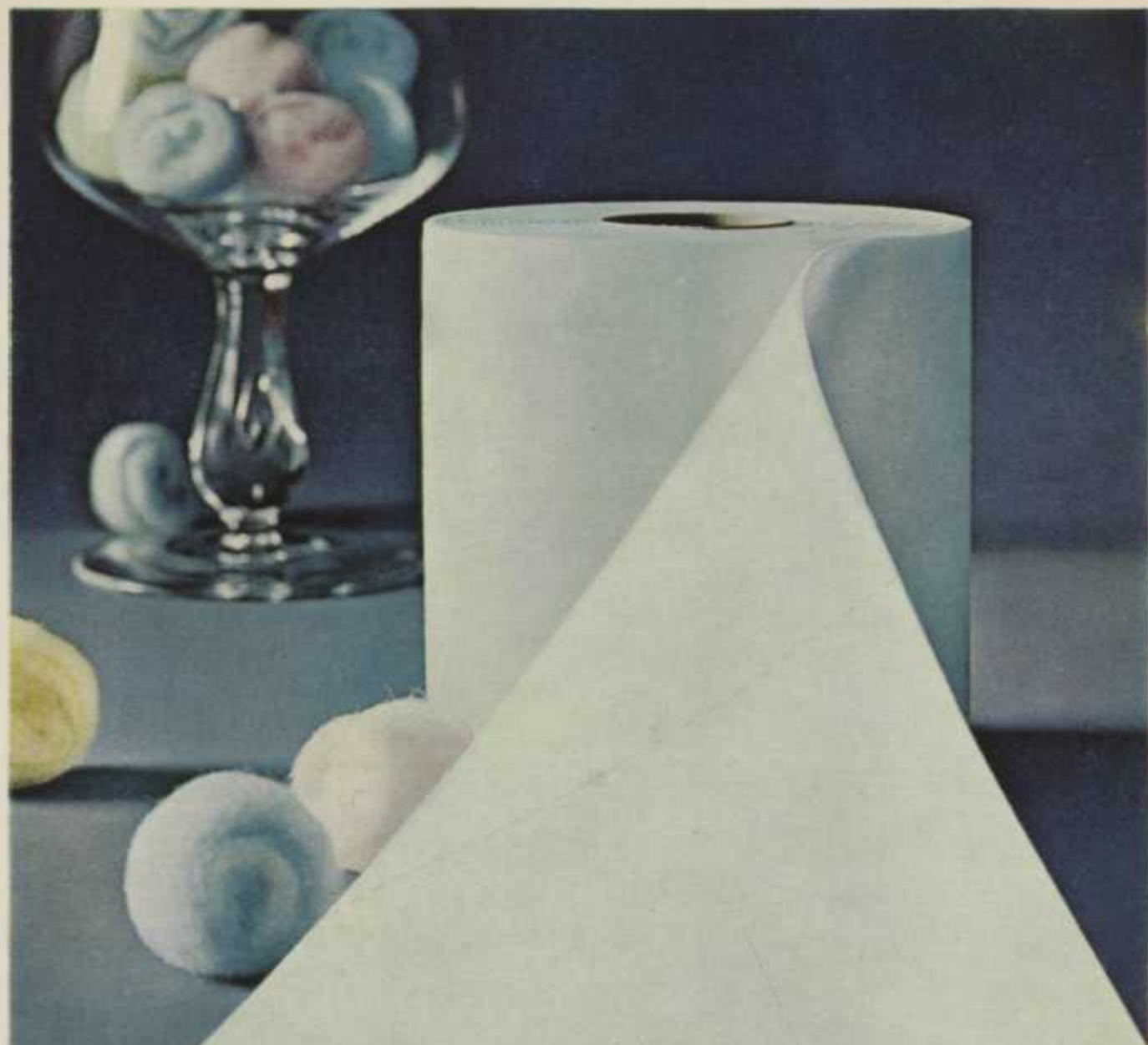
Seat in Ford's all-new cab (right) is nearly three inches wider, higher and deeper, too. Cab is planned for professional drivers, starting with man-sized 20-inch wheel.

New wide-track design (below) lets wheels turn as sharp as 44 degrees, makes maneuvering faster and easier in close spots.

Wide-open engine access (lower right) speeds servicing. Note the easy-to-reach, air-cooled location of battery. The electrical system alone features six major advancements to bring new reliability to usual truck trouble spots.



FORD
TRUCKS



Get facial quality softness in restroom tissue

Today's modern restroom is not only a convenience... it reveals a company's attitude, and concern, for the people who use it. That's why Fort Howard's Pom Tissue is specified for restrooms maintaining the highest standards. Pom is luxuriously soft, two plies thick. And it's available in a variety of pastels, as well as white.

The Fort Howard Paper Man offers a broad selection of other toilet tissue, too,

with a variety of grades, rolls and folds to meet your exact needs. In fact, he offers one of the world's largest selections of all sanitary paper products. Whatever your needs, see the Fort Howard Paper Man (he's your paper wholesaler) or write direct to our headquarters at Green Bay, Wis.

Fort Howard Paper Company
Paper is our middle name



See the Fort Howard Paper Man

Paper Towels, Paper Napkins, Toilet Tissue, Printed Paper Place Settings for Offices, Industrial Plants, Schools, Restaurants, Hotels, Institutions

Congressmen save much sick time by using their miniature hospital

second term because they don't like the life. It doesn't fit them. They are the people I think should be encouraged to do the things which fit them best.

Doctor, you have been dealing for a good many years with men from all parts of the country. Are people from one place more healthy than those from another?

No, I don't think so, because a human is very adaptable and he can fit into his environment.

Does age have a bearing on when a person needs a physical checkup? Should a younger person have a physical every two years, let's say, and an older person every six months?

I don't think so.

We have some very well seasoned veterans in the House who come down here for checkups and we run electrocardiograms on them and we check them to see how they are getting on.

I like to run my own electrocardiograms here because if an accident happens, it is well to have the tracings on the same machine in which you have taken the previous tracings. It is easier to recognize the differences.

Suppose a person in between annual checkups should be in need of one. Is there anything he can tell about himself that would suggest this?

I don't think so. That is why I believe in a man having a family doctor, which is sort of the job that I have here.

Some of them, when anything goes wrong, have developed the sensible habit of coming over here to the office and getting checked over to see if what is wrong can't be fixed up right here without having to go to the hospital.

How many office calls per year does your office handle?

We have roughly 47,000 patient visits a year. A good many of them were handled by the nurses in the first aid rooms of the Congressional office buildings.

We have been able to cut down very considerably on the time lost by Congressmen by being able to give them some immediate relief

when they get a cold or something, rather than letting them go three or four days without medication, as they used to do. Then the cold gets worse and finally you have to quit and get a doctor to come and take care of you at home.

What do you advise your patients about smoking and drinking?

If I have a cardiac, I don't let him smoke. That is it.

How about drinking?

Oh, if a man is tired out and needs a bit of relaxation, I have no

Washington has more pitch men pushing cures than the nation has problems. For a look at our overlapping bureaucracy, see page 36.

objection to his taking a highball if he wants it. Notice I said, "A highball, IF he wants it."

Dr. Calver, how do you keep yourself in such good condition?

Well, I exercise regularly every day, a certain amount of sitting-up exercises, and I do all of the walking that I can. I generally take the dog out for a walk in the evening and that gives me some fresh air.

Is there any fear that you might show up some of the Congressmen if you exercised in the gym with them?

Well, I don't think there is much chance of that because the men have learned the necessity of keeping themselves physically fit. **END**

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minimum on
regular
savings accounts
UP TO
5 3/4 %
on special
term accounts
\$10,000 or more

ASSETS OVER \$700,000,000

SAFETY—More than \$250,000,000 in accounts over \$10,000 each.

AVAILABILITY—High 16% liquidity ratio assures that your funds are available whenever needed.

SAVE BY AIR MAIL—We process promptly and pay air mail postage both ways.



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☐ Please open a savings account to earn at the highest possible rate. Enclosed is my check for \$_____

☐ Individual Account ☐ Joint Account

☐ Here is my passbook. Please transfer my account.

Name(s) _____

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RATHER FIGHT THAN SWITCH?

continued from page 46

price levels which can be explained only on the basis of restrictions on competition.

"... There is some room for dealing with the adverse consequences of heavy advertising and other promotional expenditures within the confines of antitrust law.

"... I would also suggest that it would be quite appropriate to impose, for a period of time, an absolute or percentage limitation on promotional expenditures by a firm or firms that have obtained undue market power through violations of the Sherman Act.

"... I believe the most promising approach is to introduce new sources of consumer information. It is the extent of uncertainty about the relative merits of competing products which contributes to the large effect of advertising, and this suggests that government policies be directed toward neutral vehicles of information which tend to deal directly with the uncertainty.

"We all know that such consumer research organizations as *Consumer Reports* tend to promote informed consumer judgment, and we can reasonably surmise that reports of that kind, if generally circulated, would significantly limit the ability of advertising to enhance degrees of monopoly power, to say nothing of enabling consumers to spend their dollars more fruitfully."

Just to make certain that everyone got the point, Edwin M. Zimmerman, Director of Policy Planning in the Justice Department's antitrust division, repeated the arguments in August before a Congressional subcommittee.

Zimmerman said the Justice Department intended pushing the proposals.

Talk to advertising agency people around the country—in Memphis, Tenn., or Tampa, Fla., for example—and you find not only concern, anger and bewilderment over potential government actions, but a desire to fight rather than switch their current means of operating just to please the bureaucrats.

With Messrs. Turner, Zimmerman, Mrs. Peterson and a host of other bureaucrats bearing down on them, American advertisers in August got still more dark news.

From London came the word that the British Monopolies Commission recommended that detergent pro-

ducers cut back prices by reducing selling costs—meaning advertising—by 40 per cent.

Douglas Jay, president of Britain's regulatory Board of Trade, went before the House of Commons and criticized "disproportionate" spending on advertising and urged companies to reduce product prices by avoiding advertising.

In quick succession came other criticisms.

Dr. James Goddard, head of the U.S. Food and Drug Administration, said one third of the members of the Pharmaceutical Manufacturers Assn. promote products in their ads which violate provisions of federal laws.

Willard Mueller, chief economist of the Federal Trade Commission, said 200 of the largest companies in the country will control two thirds of the assets of American manufacturing by 1975.

In Washington this autumn there is repetition of this theme: "This is a pill society. Drug manufacturers spend \$800 million yearly advertising pills and other drugs. Medicine is made too attractive. We Americans are all turning into a bunch of vitamin gulpers and pill rollers."

The FTC is in the early stages of cleaning up maladvertising practices for tires, mail order insurance and many another line, a spokesman said.

Nine consecutive Supreme Court decisions have gone against business in cases involving advertising and antitrust.

Those inevitable irritations

Inevitably there are some marketing practices which irritate the FTC and the general public:

Indiscriminate use of the word "sale"; excessive use of coupons; mislabeling, for example calling alabaster "genuine marble"; labeling cat fur "mink"; calling ordinary wool "mohair"; advertising houses for sale by saying the garage is free; using phrases as "two for one low price," which raise pricing questions; advertising golf balls for sale at sensationally low prices without saying the balls were reconditioned after being fished out of some pond; unconditional guarantees which indeed turn out to have conditions.

One celebrated case which Washington consumer guardians enjoy referring to involved a can of peaches with "five portions" printed on the label. Inside were four peach halves. But these cases are extremely rare. Businesses do not perpetuate themselves through practices

that fool or disappoint or alienate customers.

The Federal Communications Commission has respect for the National Association of Broadcasters and its code. At one time FCC leadership was plumping for all stations to be forced to join the NAB. But the FCC hopes that NAB and its code will be able to slow down what it considers the near-obscene chatter of some disc jockeys, near pornography of the sexologists who appear as guests on programs as well as near-deafening loudness of some commercials.

Government interest in advertising and consumer matters have an early origin. However, during the 1930's and the New Deal interest quickened. Paul Douglas, now an influential Democratic Senator from Illinois, came to Washington then as an economist. He is one of the founding fathers of government involvement in advertising.

Many New Deal offices were actually consumer bodies, the NRA and Consumer Advisory Board were two.

Not much happened in the 1940's, what with the war and recovery from war. President Eisenhower's administration was not overly concerned in consumer matters. The late Sen. Estes Kefauver, however, kept the pot boiling. Then came President Kennedy.

During his 1960 campaign, President Kennedy made big promises. In office he quickly established a Consumer Advisory Council, taking his ideas from New York State's Consumer Council. Mrs. Persia Campbell headed the New York group and now President Johnson has Mrs. Peterson heading his council.

The appointment of women to head consumer groups is considered good politics. Women spend most of the consumer dollars.

Consumer spells voter

Mr. Johnson is far and away the most consumer-oriented President.

State politicians also see the political potential. Four states—Massachusetts, Connecticut, Rhode Island and California—now operate consumer protection and advice offices. Rhode Island's office has regulatory powers. Massachusetts' credit bureau, which requires advertised disclosures on what interest a person pays in dollars as well as in interest percentages, has its influence on the so-called truth-in-lending bill Sen. Douglas proposes.

Many schools now conduct consumer education courses. Kids are

Yes!
"Fringe" benefits
cost you
over 55¢ per hour
per employee!



That's why you need Benefit Trust Life

Add them up: Social Security. Medicare. Pension. Life insurance. Hospitalization. Workmen's compensation. Unemployment insurance. Vacation pay. And all the other "fringe" benefits. They cost your company plenty.

How much? 74% of the firms reporting in a survey by the United States Chamber of Commerce pay 55¢ per hour—or more—in "fringe" benefits. All firms reporting show an average of 71.5¢ per hour—\$1502 per employee per year. You can't change standard deductions...but you can control employee protection plans

that provide hospitalization, life insurance, and similar coverage—without sacrificing any of your present employee benefits!

How? Just ask your broker to check out Benefit Trust Life's packaged group protection plans. See how you can cut costs by as much as 25%—with BTL's exclusive Experience Rating Formula which gives you a written agreement showing how much of your premium dollar can come back to you. You'll get more protection for less money...with Benefit Trust Life!

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Company

Address

City & State Zip

RATHER FIGHT THAN SWITCH? *continued*

taught to calculate interest rates, weights and measures and how to relate them to prices. Products are discussed and evaluated. Advertising is studied for completeness and accuracy.

All of this interest is now coming to a head. So much so that nearly 40 pieces of advertising-marketing legislation were before the Eighty-ninth Congress as autumn began. Almost 30 of the bills involved packaging, labeling and advertising.

In addition to the so-called truth-in-packaging measure other advertising bills include:

The truth-in-lending bill which calls for information so borrowers can compare the costs of alternative credit offers. The bill would require extenders of credit to disclose finance charges in annual interest rates, which is often impossible.

The Drug Safety Act of 1966 which would amend the Federal Food, Drug and Cosmetic Act to try to improve the reliability of drugs. The bill has overtones which involve advertising.

The Professional Training and Cooperation Amendments of 1966 would increase cooperation in training of personnel in the administration and enforcement of the Food, Drug and Cosmetics Act and of state and local laws relating to food, drugs, devices and cosmetics. Personnel would be trained to study laws relating to advertising.

A bill to create a Department of Consumers and transfer to it the coordination and administration of existing consumer-related programs now handled by 33 federal agencies.

The Omnibus Food and Drug Act Amendments which would change the Food, Drug and Cosmetics Act to require costly pretesting of cosmetics for safety. Labels would have to list all important ingredients.

The world of advertising offers many defenses against some of these measures and against what it considers to be undue, unnecessary and unwarranted intrusions by government.

There is a fondness for advertisers to point to a huge series of ad testings carried out by FTC recently in which only 43 tests resulted in formal complaints. About 100 FTC objections were settled without complaint. Ads judged as offensive were a fraction of the many thousands studied.

Radio commercials, which some

people downgrade, even come out well depending on which survey you read. In a recent Chicago opinion sampling, only one person in 20 said radio and TV commercials annoyed him.

Not even Donald Turner denies that advertising, in a great majority of cases, is a quick way of correctly informing the public about new or improved products.

Advertising men go much further.

Henry J. Kaufman of Henry J. Kaufman & Associates, a Washington agency, claims air conditioning has been made more popular and that units are sold cheaper because advertising popularized the managing of climate. The more air conditioning ads there were the more units were sold and the more sold the cheaper they became.

Mr. Kaufman claims that old professionals among government regulatory people are not the ones who demand wide restrictions on advertising.

He believes it is the new dogooders in government who want advertising restricted.

A case of twisted thinking

These are the same people who, Tom Dillon believes, look on business success as being wrong. If advertising contributes appreciably to success, then advertising is doubly wrong. So this twisted thinking goes.

Kenneth Laird, board chairman, Tatham-Laird & Kudner, lambasted unwarranted government interference in a recent speech before the AFA.

The FTC, he said, is "threatening new controls over the tactics of competitive merchandising, even down to details like cents-off labeling and trading stamps. The Justice Department is trying to block mergers, using concepts that would have been laughed out of court a decade ago.

"And men like Donald Turner, U. S. antitrust chief, are so willing to overturn the whole concept of our free competitive economy as to approve publicly the proposal in Great Britain that detergent manufacturers be forced to cut back their promotional expenditures by 40 per cent. 'Yes,' says Mr. Turner, 'it could happen here. ...'

"We face a totally new concept of the role of the government. If it is not blocked, the freedom of the market place as you and I know it will disappear forever."

Don Wilkins, who directs the Advertising Federation of America office in Washington, feels strongly that most of the proposed legislation is not needed, that laws al-

ready on the books and that codes and curbs set up by advertising men are sufficient.

There is little real objection, Mr. Wilkins says, among reasonable ad men for some government policing. There is no denying there are unfair people in advertising as there are in any other business (or in government). But the number is small and the men are contained.

"The government is overemphasizing the trouble," he says. "Many things said and done now in Washington make it appear the public is constantly being hoodwinked or cheated by advertising. This is certainly far, far from the truth."

Government's claims that the number of offensive and misleading ads is increasing may be true, some ad men say. But the world of advertising grows each year. Advertising was a \$6 billion a year industry in 1946. Now it is \$16 billion and growing at the rate of about half a billion dollars yearly.

It is normal to expect this growth to be accompanied by some infringements.

A thread of worry running through ad men's conversation is tied to the future. Sen. Philip A. Hart, Michigan Democrat, fed this fear when, in speaking about his truth-in-packaging bill, he called it a "trail blazer."

More is coming, the Senator said, and advertising men believe him.

No concerted defense by advertising seems to be emerging thus far. Several executives up and down Madison Avenue said there must be a coordinated defense against government involvement soon or the battle will be lost.

They deplore the tendency of many advertisers to react to government but rarely to originate countermeasures. The advertising business is booming just now and one agency executive said that it is hard to bring together a fighting force when everyone seems to be eating steak every night.

This executive, who asked that his name not be used, said he and several of his friends favored giving in to the government on some of the labeling and packaging demands in exchange for more sympathetic treatment by Washington on other points.

Still another ad executive delights in pointing out that the federal government itself is possibly the most guilty party in the country in fostering misinformation through advertising and promoting its own untested and overly optimistic programs.

END

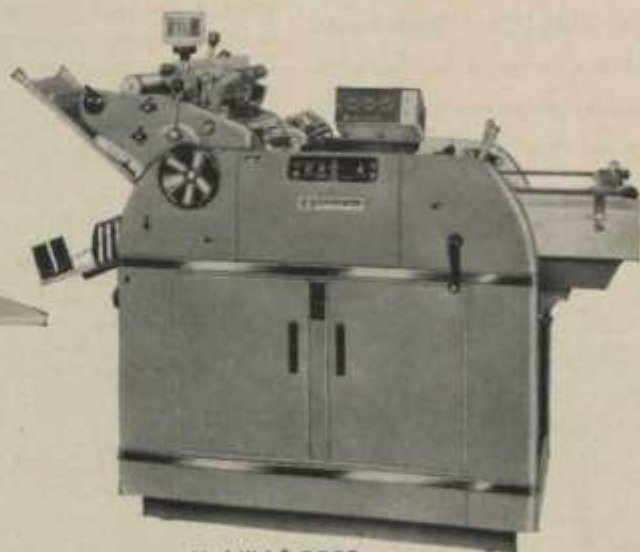
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WHAT NEW FEDERAL ETHICS CODE MEANS TO BUSINESS

JERRY KLUTZ, the author of this article, is with The Washington Post. He has covered and written about federal employees and their activities for nearly 30 years.

A businessman bearing gifts and doing favors for people in the United States government, the world's biggest customer, can easily, though inadvertently, get himself and his company in the federal doghouse—unless he knows the latest rules of Uncle Sam's bureaucracy.

One business representative, on a recent trip to Capitol Hill to discuss legislative matters, took along a dozen good quality pens which his company supplies to its executives. He gave the pens to two Congressmen and members of their office staff, who were pleased to get them. So pleased, in fact, that both



A word with executives

"Men in all levels of management are gladly applying their talents to the social and health problems of their communities because, apart from personal convictions, they recognize that this is the way freedom and free enterprise are proving themselves.

"Their dynamic leadership is appreciated by the voluntary agencies of the United Way . . . organized by private citizens on their own initiative to perform a function vital to a free society: helping their neighbors to help themselves.

"Businessmen can back their belief in community-attuned voluntary services by:

Personal involvement in their own United Fund or Community Chest as a campaigner, planner, budgeter or as a volunteer leader in an agency.

Establishing a leadership corporate gift to help set the pace for the once-a-year community-wide campaign.

Contributing a fair share gift personally and encouraging other executives to follow the fair share plan also.

Encouraging good employee participation through payroll payment plans.

"As you become identified with the United Way, you will better understand how local, voluntary leadership can participate in government attacks on the basic problems of poverty and discrimination.

"It is as certain now as always that our communities can be no better than their own men and women will work to make them."



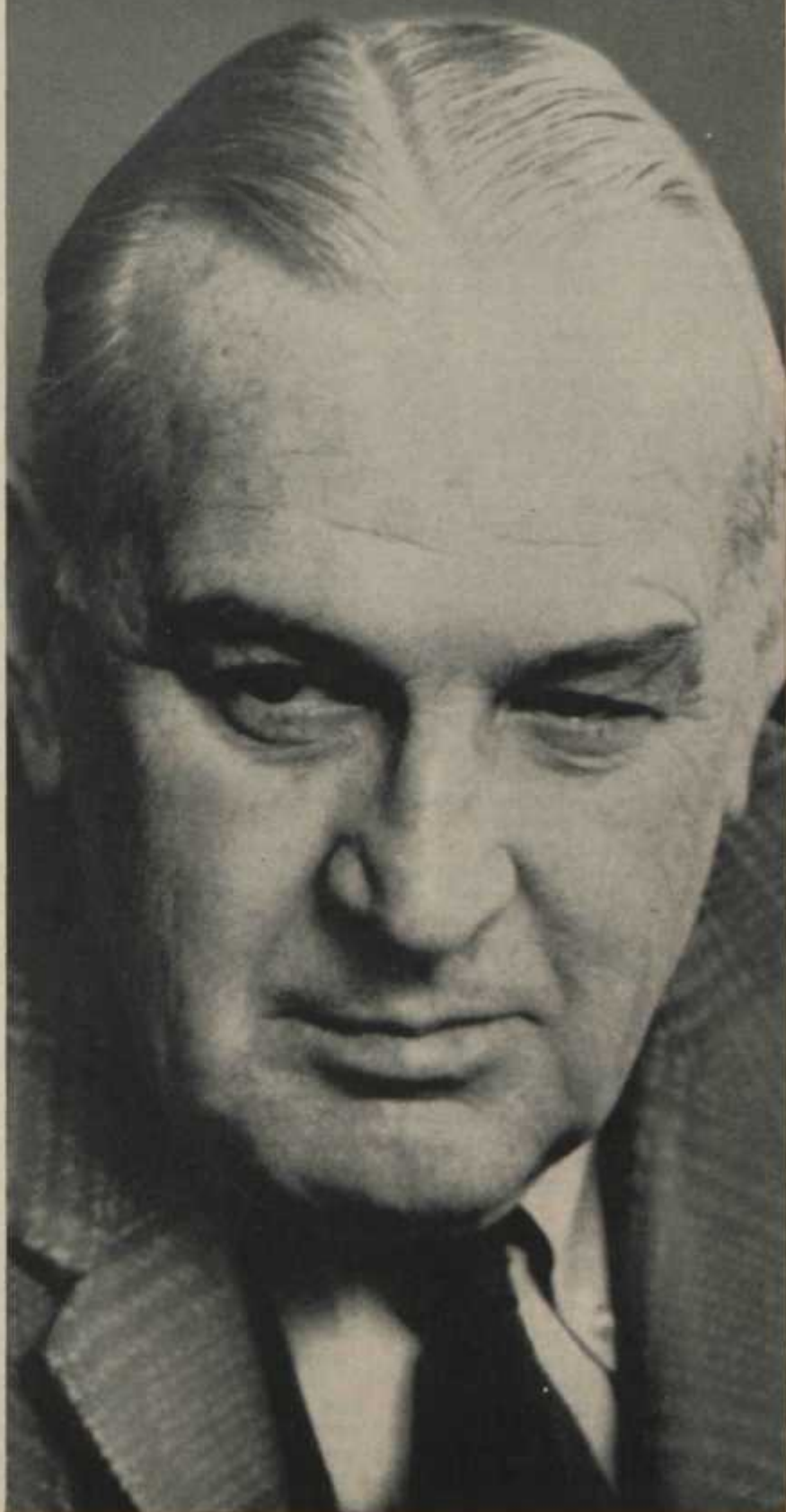
**Your Fair Share Gift
Works Many Wonders
THE UNITED WAY**



25 million American families benefit by child care, family service, youth guidance, health programs, disaster relief and services for the armed forces from 30,000 United Way agencies.

Walter H. Wheeler, Jr.
Chairman of the Board, Pitney-Bowes, Inc.

Chairman
National Corporations Participation Committee
United Community Funds and Councils of America



WHAT NEW ETHICS CODE MEANS *continued*

offices asked for more pens which cost his company about \$5 or \$6 each.

A day or so later the representative called at a Navy Department office to discuss a defense contract for his concern. While waiting for his appointment he offered a pen to a secretary. At first she too seemed pleased but then she began to critically examine the gift.

She excused herself and hurried into the office of a superior. She returned a couple of minutes later, obviously embarrassed. The young lady returned the pen to the donor, who now was equally red-faced, with the explanation that she couldn't accept it. There were apologies.

Later his conference with a Navy official was conducted in a rather chilly atmosphere.

"It's the same government," the businessman thought, "so why should members of Congress and their employees eagerly accept the pens, while a Navy employee takes offense at the same gift?"

His confusion is understandable, but there is a reasonable explanation for the conflicting behavior. This is it: All federal officials and employees in the executive branch of the government, from the President down to the lowest paid janitor, have only recently been covered by new codes of ethical conduct issued by their respective agencies.

These rules generally forbid them to accept gifts other than unsolicited advertising matter, such as pencils, pads, calendars and the like of "nominal intrinsic value," and "nominal" is defined as a value of no more than \$2 or \$3.

You may ask, what's the difference between an unsolicited gift, say, of a \$1 and a \$5 or \$6 pen, since both have a relatively "nominal intrinsic value." Civil Service says the line had to be drawn somewhere, and it was thought to be in the public interest to draw it at the lowest reasonable dollar level and to stick to it.

By contrast, the cost of the gift is of no concern to members of Congress and their 25,000 employees in the legislative branch of the government. They are not yet covered by a specific code of conduct.

But recent Senate hearings involving Sen. Thomas Dodd of Connecticut could lead to the adoption of some sort of ethical standards for members of Congress.

The agency regulations are based

on an earlier directive dealing with conflicts of interest issued by President Johnson who can't extend them to either the legislative or judicial branches of the government. The President's order laid down this general policy covering the nearly six million civilian and military personnel in the executive branch:

"Where government is based on the consent of the governed, every citizen is entitled to have complete confidence in the integrity of his government.

"Each individual officer, employee, or adviser of government must help to earn and must honor that trust by his own integrity and conduct in all official actions."

Mr. Johnson's stiff order and the follow-up agency codes not only outlaw any conflict of interest by federal personnel with their official duties but also warns them "to avoid any action which might create the impression of:

"Using public office for private gain; giving preferential treatment to any organization or persons; impeding government efficiency or economy; losing complete independence or impartiality of action; making a government decision outside official channels; or affecting adversely the confidence of the public in the integrity of government."

Under this general language federal employees must be careful not to become too friendly with business people with whom they deal in an official capacity lest they give the "impression" of giving preferential treatment to them.

The federal employee who violates his agency's standards of conduct is subject to discipline up to dismissal from his position. But there is nothing in either the President's directive or agency rules to penalize the businessman who is a party to a violation.

However, an official of the Civil Service Commission, the agency charged with overseeing operation of the codes, had this to say on that point:

"You can be sure that any federal agency will take a dim view and won't do business with a representative who knowingly and repeatedly attempts to get federal people with whom he deals to violate the ethical standards of their agencies."

At the moment, Civil Service and federal agencies in general are seeking cooperation of the business community to observe and uphold the codes of conduct. Business people are urged to familiarize them-

selves with the new rules and to observe them.

Chairman John W. Macy, Jr. of the Civil Service Commission, reflected this attitude when he told NATION'S BUSINESS:

"High standards of honesty and integrity are a hallmark of the federal service and a source of pride for all Americans. Government personnel are expected to be fair and impartial in their dealings with those who have business with the government and to place the nation's welfare always above their own. This is as it should be, and we want to keep it so.

"The new steps taken by President Johnson to ensure ethical conduct of government personnel are intended to direct the attention of both federal employees and those who do business with the government to this sometimes difficult area. The Executive Order and the Commission and agency regulations clarify and strengthen existing standards. They are published in the Federal Register for the information of the public.

"Businessmen can help by seeing that company representatives are aware of and respect the bounds of propriety which govern officials in the agencies with which they have financial or regulatory dealings. It is to our mutual benefit that favoritism or conflict of interest—or even conduct which gives the appearance of such improprieties—does not take place in the administration of the public's business."

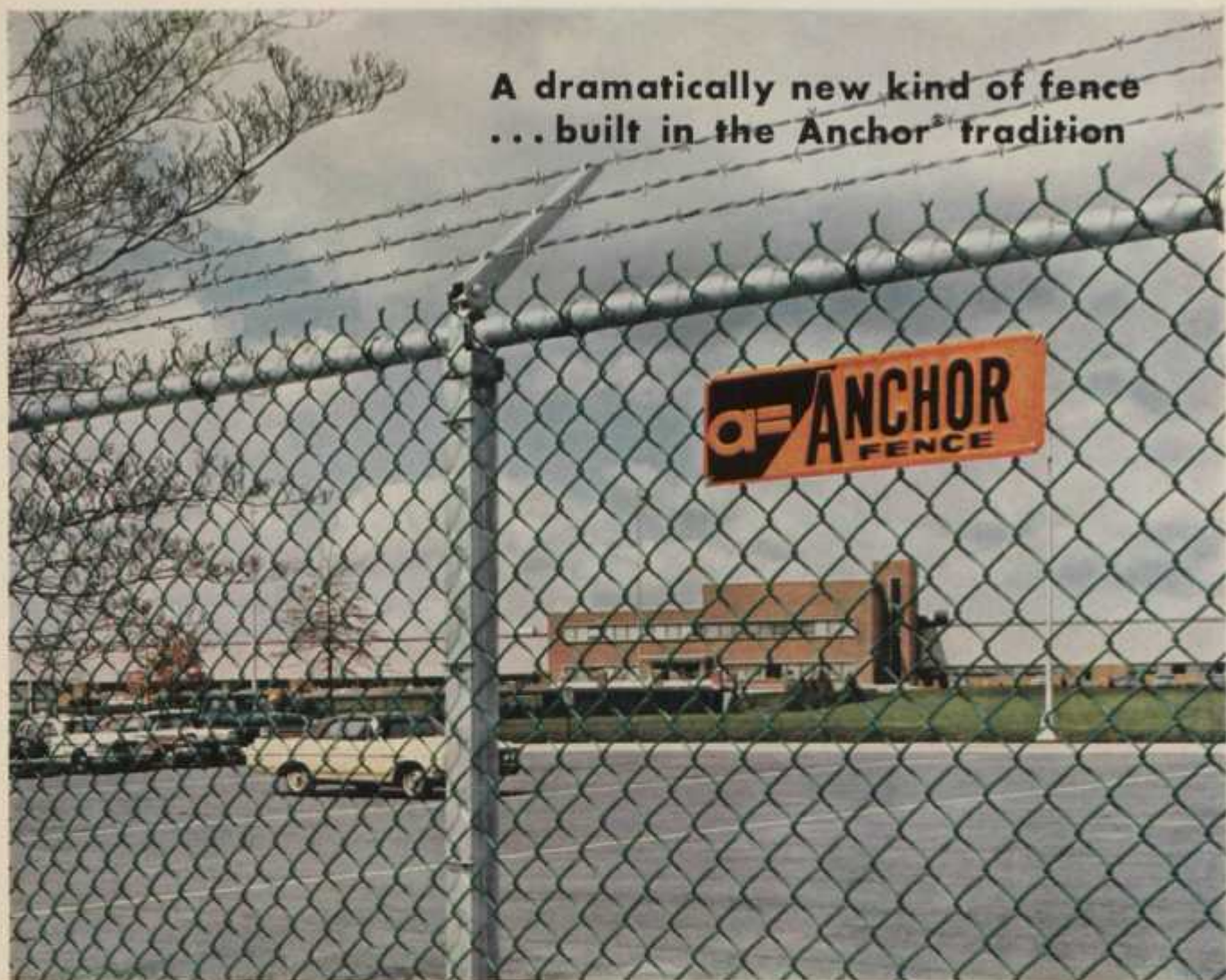
His agency has advised that business people who run afoul of the new rules for the first time be given the benefit of the doubt, and that agencies explain to them in detail the new federal rules of conduct. Once an explanation is made, CSC doesn't anticipate a repeat of the trouble.

But gifts, as such, are easy to define. Both the donor and the recipient can readily recognize a gift, its probable value and the purpose for which it is intended. The sticky, gray areas are those involving entertainment and favor-giving, and these have raised numerous questions.

Some social functions off limits

As a general rule, federal officials and employees are prohibited from accepting invitations to purely social functions given by business people for the purpose of winning favoritism from them. Admittedly, this sort of thing is difficult to define and harder yet to prove, but keep in mind that the mere im-

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WHAT NEW ETHICS CODE MEANS *continued*

pression of a conflict is a violation under the codes.

Lunches and dinners can be bought infrequently for federal personnel by those doing business with Uncle Sam when government business is discussed. In other words, when such outings are a part of the work of federal employees, and when meetings on mutual problems flow over into the luncheon or dinner hours.

Most federal agencies have followed the code of the Defense Department in the broad area of entertainment since many more of its civilian and military personnel have direct contact with business people. Entertainment of federal employees and their families is sharply curbed by this section in the Defense Department rules:

"Acceptance of gifts, gratuities, favors, entertainment, etc., no matter how innocently tendered and received, from those who have or seek business with the Department may be a source of embarrassment to the Department and the employees involved. This might affect the objective judgment of the recipient and impair public confidence in the integrity of the business relations between the Department and industry."

When lunches are okay

But it is government-wide policy to permit officials and employees to attend luncheons, dinners and similar gatherings sponsored by industrial, technical and professional organizations for the discussion of problems of mutual interest to both government and industry, and when the host is the association and not an individual contractor or business concern.

The Defense Department, however, will allow its personnel to engage in limited activities financed by its contractors. These are situations in which, in the judgment of the individual concerned, the government's interest will be served by their participation. Full reports of the circumstances must be made to designated officials within 48 hours.

Under this general restriction against gratuities, federal officials and employees may no longer accept tickets from business concerns to attend political fund-raising affairs, formerly a common practice.

Government employees may no longer accept individual invitations



Why Morty Peetluk uses a postage meter to mail 30 pieces of mail a month.

Morty Peetluk is the proprietor of P&G Plumbing and Heating Co. in Plainview, Long Island. Like many small businessmen, he operates from his home, serving his commercial and industrial accounts. In his office, along with materials, telephone, files and records, Morty has a Pitney-Bowes postage meter.

Here's why, according to Morty: "I used to scrounge around looking for stamps all the time. It seems I was always out of the right amount of stamps. Then I saw the Pitney-Bowes ad in a magazine. I thought postage meters were only for big businesses, but when I found out Pitney-Bowes had a meter so small, I got one right away. Now I have all the postage I need. Besides, I never

had time to get a receipt from the post office. And if you buy stamps in the drug store, they don't give receipts. This way the meter makes it easy for me to keep a record, and my accountant likes that."

The Pitney-Bowes DM, our little desk model, is made especially for small businesses. Like P&G Plumbing. Most new DM users mail fewer than ten letters a day, yet find the DM invaluable. To find out just how a postage meter can help your business, call a Pitney-Bowes office for a free demonstration.



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against inflation—
make use of it

You have a powerful weapon against inflation: your ballot.

Make use of it in the coming election.

Before you vote to send any candidate to Congress, make sure that he is not committed to continued deficit spending.

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This is a consequence from which there is no escape.

The answer is to send to Congress those candidates who know the pitfalls of continued deficit spending, and who are pledged to fiscal sanity.

Do your part on election day.

Use your ballot to halt inflation.

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**WHAT NEW ETHICS
CODE MEANS**

continued

to attend gala functions, such as ship launchings, maiden flights of planes, the unveiling of new weapons systems, ground-breaking ceremonies of various federal projects by private contractors and the like.

Federal participation in these and similar events will be allowed only when the interest of the government is served, and when blanket invitations are sent to the federal agencies involved. The agencies will designate persons to attend the affairs, usually along with one member of each family. Under such an arrangement, federal participants won't feel under obligation to the contractor who sponsors the affair.

At one point during development of the behavior codes, several of the more straitlaced officials thought all such affairs should be off-limits to federal personnel. They were overruled when Federal Aviation, Civil Aeronautics, the Defense Department and other agencies pointed out they had the responsibility to promote the use of planes, ships and other such products.

Historically, federal officials have supplemented their government paychecks by writing and lecturing. Publishers, and other business and educational groups, have retained them.

This practice has been sharply restricted by the Civil Service order which states in part:

"... an employee who is a Presidential appointee shall not receive compensation or anything of monetary value for any consultation, lecture, discussion, writing or appearance on the subject matter which is devoted substantially to the responsibilities, programs or operations of the agency, or which draws substantially on official data or ideas which have not become a part of the body of public information."

Rules on lectures and writing

Writings and lectures by officials on their own time during, say vacation periods, also is prohibited. However, employees below the Presidential appointee level are encouraged to teach, write and lecture in areas where no conflict of interest exists, and they can accept payment for it.

The Post Office Department leases thousands of cars, and a leasing company for years has followed a policy of selling cars to be

replaced to postal employees at bargain prices.

This custom was stopped by the higher standards of ethical conduct. Civil Service advised and Post Office agreed that postal employees were being given a preferential opportunity to buy cars from a postal contractor, and this constituted a violation of the postal ethical code.

The CSC manages a health insurance program that covers 6.8 million civilian employees and their dependents. Private firms underwrite this largest group policy in the world.

As a goodwill gesture, one of the companies offered to send a bloc of tickets to a sold-out baseball game to CSC employees who deal with insurance matters. The offer was regretfully declined. It would have been eagerly accepted not too long ago.

An insurance company offered to pay a prominent federal official, a Negro, for the use of his picture and life history, intended to inspire others, on a calendar.

It was ruled that the company could use his picture and a short biography, without charge, provided the text made clear the official wasn't endorsing the company's product.

Models must be cheaper

Plane and ship construction firms frequently sent Defense Department officials expensive models of the products bought by Uncle Sam, a tradition now frowned on. Unsolicited, inexpensive plastic models can be accepted, however.

As a general proposition, food packers and processors should no longer send samples of their products to federal employees, such as those in the Agriculture Department and the Food and Drug Administration who check their products.

Federal employees are generally forbidden from investing in the securities of the companies they deal with in an official government capacity. Such restrictions are unusually tight for employees in agencies like the Securities and Exchange Commission and the Treasury Department.

Secretary of Defense Robert S. McNamara has directed the trustees of his holdings not to buy securities of any of the hundreds of defense contractors. He keeps his trustees supplied with current lists of firms doing business with his department.

Many restrictions on Federal of-



“I wish I had a million of 'em”

Jimmy Durante has been a friend of Savings Bonds for a long time. He was already one of America's best-loved comedians when the Treasury Department issued the first Series E Bond on May 1, 1941.

Working hand-in-hand with a team of other volunteers from all walks of life, Jimmy has helped sell more than \$150 billion in Savings Bonds to the American people. Bonds for education, new homes, retirement, emergencies. Dollars that grow to make your future more secure.

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Buy U. S. Savings Bonds where you bank or work. Better start now, if you ever expect to have a million of 'em.



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Savings Bonds Pay 4.15%

Interest on new E and H Bonds you purchase has been raised to 4.15% when held to maturity. E Bonds mature faster—now in just 7 years. Your old Bonds will earn more, too. Savings Bonds are better to buy, and hold, than ever.

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WHAT NEW ETHICS CODE MEANS *continued*

officials may seem picayune, and there is no doubt that many employees view them in this light. But those who developed the ethical codes insisted that the trivial be banned for fear that it could lead to serious offenses. After all, the nearest thing to a major scandal in years among civil service employees was the arrest in New York some months ago of about 150 Internal Revenue Service workers on charges growing out of the fixing of tax cases.

An equal number of accountants

and lawyers also were apprehended. As a precaution against any official or strategically-placed employee accepting bribes or using inside information to accumulate wealth, these persons must now, for the first time, make financial disclosure statements.

The President himself and all of his top appointees, such as Cabinet members, must file their statements with Chairman Macy. Mr. Macy's statement, incidentally, is filed with Mr. Johnson.

Employees covered by this provision must file their statement with the head of their agency. Generally, those down to the \$10,000-a-year level are covered, but even em-

ployees in the \$5,000-bracket (such as accountants, inspectors and the like) who deal with contractors and/or their contracts are included by several agencies.

It is most probable that the codes will be observed and enforced, because the federal employees themselves will police them.

These employees are no different from other workers who love to catch their superiors in rule violations, real or imagined.

They may damage the reputation of some bosses whom they incorrectly assume are offenders, but they also are a good bet to point the finger at any guilty ones. **END**

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The Congressman from Missouri wanted to be shown. Democratic Rep. William Hungate thought he knew how well off his constituents were in the thriving farm terrain of St. Charles, Lincoln, Warren and Montgomery counties, Missouri.

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"Approximately 120,000 needy persons are found scattered in every town and along rural roads in an area 60 miles long and 40 miles wide." The federal poverty office was announcing a \$43,511 grant to help these needy 120,000 souls.

Since census figures showed only about 105,000 people living in this area, it meant that not only every resident was poor but they must have rung in some visitors to share their lack of wealth.

When the Congressman demanded an explanation, the poverty office frantically cut the figure to 87,000 poor people, then finally to 5,000 needy families.

Many scoffed at poverty commander Shriver's prediction that poverty in America could be ended by 1976.

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Nation's Business • October 1966

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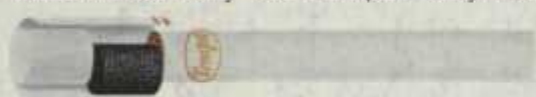




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